

2023

**CONSOLIDATED
FINANCIAL STATEMENT
FISCAL YEAR
FINANCIAL STATEMENT**

**XX CONSOLIDATED FINANCIAL STATEMENT
XXIV FINANCIAL STATEMENT**

Approved by Ordinary Shareholders' Meeting on June 28th, 2024



2023

CONSOLIDATED FINANCIAL
STATEMENT

FISCAL YEAR
FINANCIAL STATEMENT

XX CONSOLIDATED
FINANCIAL STATEMENTS
XXIV CORPORATE
SUSTAINABILITY REPORT

Approved by Ordinary Shareholder's
Meeting on June 28th, 2024



Società Metropolitana Acque Torino

INTRODUCTION	8
Administration and control bodies and Company positions	8
The SMAT Group at December 31, 2023	9
A. SMAT GROUP DIRECTORS' REPORT	11
A1. Introduction	11
A2. Summary of the 2023 results in figures	11
A3. Main technical data and operating area	12
A4. General description of the activities	14
A5. Service agreement	14
A6. The Territorial Area Plan and the programme of interventions	15
A7. Applied research & development activities	15
A8. International projects	15
A9. European Projects	16
A10. SMA Torino S.p.A. Membership in National and International Associations	17
B. COMPOSITION OF THE SMAT GROUP	19
B1. Parent Company SMA Torino S.p.A.	19
B2. Own shares and shareholdings in subsidiaries	19
B3. Subsidiaries and associates included in the consolidation area	19
B4. Shareholdings in other companies	20
C. SMAT GROUP ECONOMIC TREND	23
D. INVESTMENTS BY SMA TORINO S.P.A. AND THE SMAT GROUP	24
E. FINANCIAL MANAGEMENT OF SMA TORINO S.P.A. AND THE SMAT GROUP	29
F. SIGNIFICANT EVENTS DURING FISCAL YEAR 2023	35
F1. Evolution of the geopolitical context and economic trend	35
F2. Price revision on contracts	35
F3. 2023 Rates	36
F4. The Industrial Plan 4.0	38
F5. Equalization rate components	40
F6. Update of the technical quality regulations (RQTI)	40
F7. Sunshine regulation	41
F8. Additional ARERA regulations	41
F9. Acque Potabili S.p.A. Under liquidation	43
F10. Personnel	45
F11. Loans from the National Recovery and Resilience Plan - PNRR	46
F12. Loan from the European Investment Bank	47
F13. Financial rating	47

F14. Legality ratings	47
F15. Legislative decree no. 175 of August 19, 2016 (Madaia)	47
F16. Climate variations and SII reorganisation strategies	47
F17. Change in scope of activities	48
F18. Top Employer certification and initiatives for the dissemination of a culture of gender equality	48
F.19 Communication to indirect users	49
F.20 Water emergency in Piedmont and “Drought Decree”	49
F21. SAP Alpignano	49
F.22 Water points: new payment system	50
F.23 Water pact	50
F.24 Deed of takeover of the General Aqueduct of the Lanzo Valleys	50
F.25 New Member Municipalities	50
F.26 SMAT and the people of Turin supporting the populations of Emilia Romagna	50
F.27. Felix Industry Prize - Italy that competes	51
G. SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2023 AND BUSINESS OUTLOOK	52
G1. Newco ACEA	52
G2. Acquisition of AIDA	52
G3. New contract code and regulatory changes as at January 1, 2024	53
G4. Engineering services relating to the drafting of the Document for the Feasibility of Project Alternatives (DOCFPA). Creation of synergistic actions to meet the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the creation of a reservoir for multiple purposes in the Lanzo Valley	54
G5. Bond renewal	54
G6. Sustainability Reporting Directive	55
G7. Floating photovoltaic system	55
G8. Reuse of treated wastewater	55
G9. Benchmarking certification	56
G10. PFAS information campaign	56
G11. Hiring Programme	56
G12. Operational outlook and organisational set-up	56
H. ORGANIZATIONAL MODEL SUPERVISION, ANTI-CORRUPTION AND TRANSPARENCY ENTITY	58
H1. Supervisory Body	58
H2. Anti-Corruption and Transparency	58
H3. Privacy - GDPR	59
H4. Certification of the integrated management system for Quality - Environment - Health and safety in the workplace	59
H5. Certification of the sustainability of biofuels and bioliquids	59
H6. ISO 22000:2018 Food Safety Management System	60
H7. Accreditation for laboratories according to UNI CEI EN ISO/IEC 17025: 2018	60

H8. List of SMAT Group branches	60
I. RELATIONSHIPS WITH RELATED PARTIES	61
11. Relations with the City of Turin	61
12. Relations with the subsidiaries and associates	61
CONSOLIDATED FINANCIAL STATEMENT OF THE SMAT GROUP AT 12.31.2023	62
SMAT GROUP NOTES TO THE ACCOUNTS	69
Principles for preparation of the financial statement	69
Structure and contents of the financial statement	69
Consolidation criteria	69
Valuation criteria	71
Tangible fixed assets	71
Goodwill and other intangible fixed assets	72
Assets under concession	72
Shareholdings	73
Non-current financial assets	74
Inventory	74
Receivables	74
Financial assets and other current assets	74
Industry information	74
Cash and cash equivalents	75
Own shares	75
Provisions for risks contingencies and charges, benefits to the employees	75
Trade payables and other liabilities	75
Costs and revenues	76
Grant for Plants	76
Financial income and expenses	76
Income tax for year	76
Impairment test	76
Use of estimations	77
Other information	77
Corporate agreements outside the Statement of Assets and Liabilities	77
Amounts expressed in Notes to the Accounts	77
Accounting principles, IFRS amendments and interpretations adopted from January 1, 2023	77
Accounting principles, amendments and interpretations IFRS authorized by the European Union, not yet mandatory and not adopted in advance by the Group on December 31, 2023	78
Accounting principles, IFRS amendments and interpretations not yet certified by the European Union December 31, 2023	79
Remarks on the Financial Position and Results- Finance	80
REPORT FOR OPERATIVE CATEGORIES	80
ASSETS	80
CURRENT ASSETS	88
NET EQUITY AND LIABILITIES	90
Notes of commentary to the entries of the Income Statement	100
Revenues	100
Operating costs	101
Financial income and expenses	104
Other information	106

SMA TORINO S.P.A. FISCAL YEAR BALANCE SHEET AS AT DECEMBER 31, 2023	110
SMA TORINO S.P.A. SUPPLEMENTARY NOTE	117
Application of IAS/IFRS and its effects	117
Structure and contents of the financial statement	117
Valuation criteria	117
Tangible fixed assets	118
Goodwill and other Intangible fixed assets	118
Assets under concession	119
Shareholdings	120
Non-current financial assets	120
Inventory	120
Receivables	120
Financial assets and other current assets	121
Industry information	121
Cash and cash equivalents	121
Own shares	121
Provisions for liabilities and charges, benefits to the employees	121
Trade payables and other liabilities	122
Costs and revenues	122
Grant for Plants	122
Financial income and expenses	122
Income taxes for the year	122
Impairment test	123
Use of estimations	123
Other information	124
Corporate agreements outside the Statement of Assets and Liabilities	124
Amounts expressed in Notes to the Accounts	124
Accounting principles, IFRS amendments and interpretations adopted from January 1, 2023	124
Accounting principles, amendments and interpretations IFRS authorized by the European Union, not yet mandatory and not adopted in advance by the Group on December 31, 2023	125
Accounting principles, IFRS amendments and interpretations not yet certified by the European Union December 31, 2023	125
Remarks on the Financial Position and Results	127
NON-CURRENT ASSETS	127
CURRENT ASSETS	136
NET EQUITY AND LIABILITIES	139
Notes of commentary to the entries of the Income Statement	148
Revenues	148
Operating costs	149
Financial income and expenses	152
Other information	154
Proposals regarding the deliberations on SMAT S.p.A. fiscal year financial statement as at December 31, 2023	158
FINANCIAL STATEMENTS OF RISORSE IDRICHE S.P.A. . AS AT DECEMBER 31, 2023	160
AIDA AMBIENTE S.R.L. FISCAL YEAR BALANCE SHEET AS AT DECEMBER 31, 2023	166
BOARD OF AUDITORS REPORT	173
INDEPENDENT AUDITORS' REPORT	181
ORDINARY SHAREHOLDERS' MEETING OF 28 JUNE 2024	191



SOCIETÀ METROPOLITANA ACQUE TORINO S.p.A.
Legal offices in Turin, Corso XI Febbraio, 14
Share capital EUR 345,533,761.65 fully paid up
Turin Business Registry no. 07937540016
Tax code and VAT code 07937540016

INTRODUCTION

Administration and control bodies and Company positions

■ BOARD OF DIRECTORS

The Board of Directors, appointed by the Ordinary Assembly in compliance with articles .2364-2449 of the Italian Civil Code and 18 of the Articles of Association, is composed by:

- ROMANO Paolo Chairman
- QUAZZO Armando Managing Director
- CERUTTI Monica (from 29/06/23) Director
- LAVOLTA Enzo (from 29/06/23) Director
- TUMIATTI Cristina Director
- SESSA Fabio (until 28/06/23) Director

■ BOARD OF AUDITORS – INTERNAL CONTROL AND ACCOUNTING AUDITS

The Board of Auditors, appointed by the Ordinary Assembly in compliance with articles .2364-2449 of the Italian Civil Code and 18 of the Articles of Association, is composed by:

- DI RUSSO Davide Chairman
- GIORDANO Paola Lucia Effective Auditor
- MONTANARI Simone Effective Auditor

■ AUDITING FIRM

Deloitte & Touche S.p.A.

■ SUPERVISORY BODY

The Board, which is appointed by the Board of Directors, is composed by:

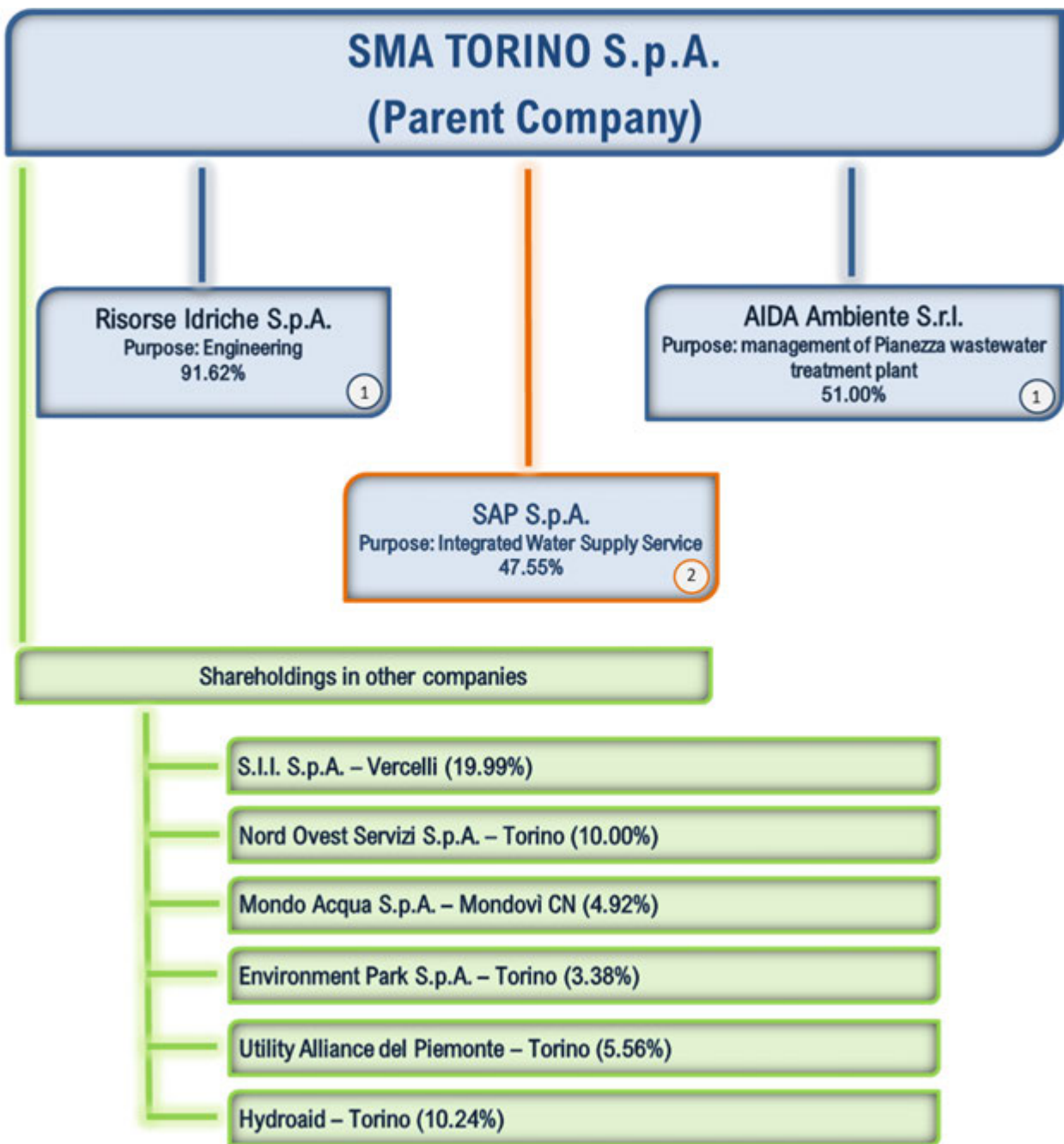
- BOCCHINO Umberto Chairman
- CASSONE Cinzia Component
- CAPUTO Miriam Component
- GUARINI Fulvio Component

■ CORRUPTION PREVENTION OFFICER

Appointed by the Board of Directors
FINO Luisa

■ DATA PROTECTION OFFICER

Appointed by the Board of Directors
GORACCI Michele



Background colors:

■ Companies within the consolidation area*

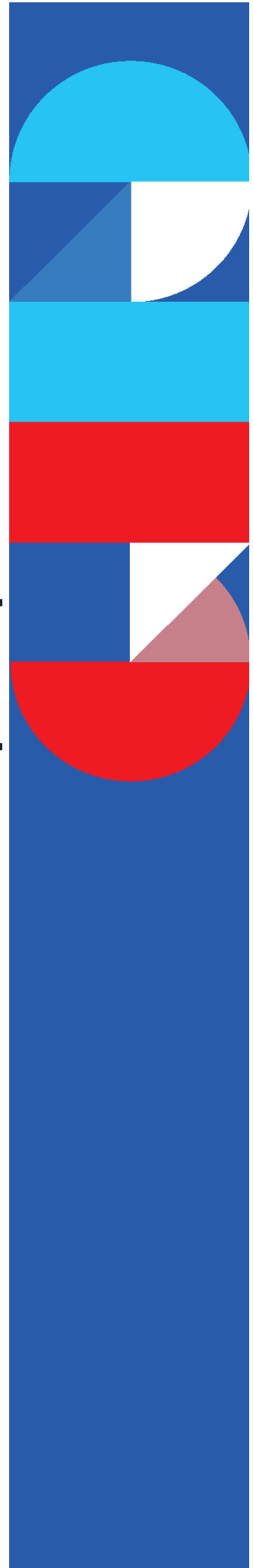
■ Companies outside the consolidation area*

*Consolidation methodology:

1 – Full consolidation

2 – Evaluation of shareholdings according to net worth method

MANAGEMENT REPORT



A. SMAT GROUP DIRECTORS' REPORT

Dear Shareholders,

The 2023 results represented in the budget under approval reach excellent levels despite the continuation of a complex macro-economic scenario characterised by international conflicts and consequent energy crises, as well as emergency climate events, which have led to a rise in prices, inflation, and growing interest rates charged by the banking sector.

By taking on the challenges represented, your Company has demonstrated its resilience by guaranteeing a high level of service without delivery limitations. We have not only met, but exceeded, the performance levels set out in the Industrial Plan 4.0 approved by the Assembly of June 26, 2020, and also through the actions undertaken to contain the costs.

In continuing the company strategy, the 2023 financial year was characterised by an acceleration of investments, which exceeded by 8% the target planned by the intervention program (ATO 3 Resolution no. 825/2022), for the realisation of works aimed at territorial infrastructures among which we can mention "*The Great Aqueduct of the Orco Valley*" and "*Digitalization*" which, in consideration of the related objectives, were admitted among the works financed by the PNRR (National Recovery and Resilience Plan) funds. Overall, more than 90% of the investments meet the requirements for eligibility for the objectives set by the European Taxonomy's single classification system of environmentally sustainable economic activities.

In this context, the financial structure has guaranteed, with the management of the cash flows generated by operating activities, the containment of financial debt and compliance with the contractually required covenants, as well as the recognition by the Standard & Poor's agency of the increase of the stand-alone credit profile rating from "A-" to "A" and confirming the overall rating at "BBB+". These elements made it possible, in April 2024, to maintain the bond issued in April 2017 with an extension of maturity to 2029 at competitive market prices.

Last but not least, the constant attention to the territory and users was also positively evaluated by the Regulatory Authority for Energy, Networks and the Environment (ARERA) with the provision of prizes for the technical and contractual agreements reached.

A1. Introduction

These financial statements of the Group and of SMA Torino S.p.A. (hereinafter also SMA Torino S.p.A. or SMAT S.p.A.) reports the accounting data of the closing fiscal year compared to those of the previous fiscal year, which are presented in application of the International Financial Reporting Standards (IFRS) adopted by the European Union.

The results are determined by the activities carried out in the year by the Parent Company SMA Torino S.p.A. and by its subsidiaries as the effect of the direct ownership by SMA Torino S.p.A. of controlling and association shareholdings. The Board of Directors of the Company, at the meeting of January 29, 2024, decided to postpone convocation of the Meeting of Shareholders for approval of the financial statement as at December 31, 2023, availing itself of the extended term of 180 days after closing of the fiscal year as contemplated by article 2364 of the Italian Civil Code and by article 14 point 5) of the current Articles of Association.

A2. Summary of the 2023 results in figures

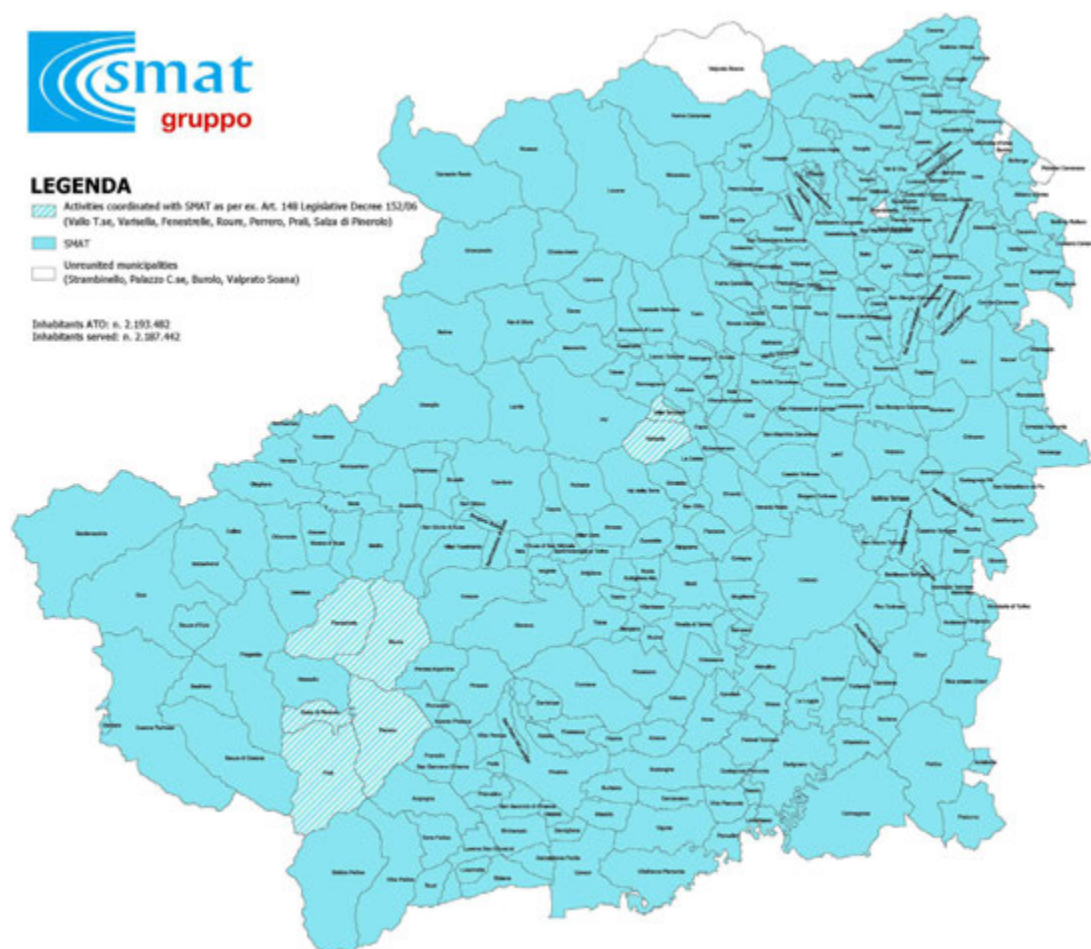
SMAT GROUP: SUMMARY OF THE Results IN FIGURES	Consolidated Financial Statement 2023	Consolidated Financial Statement 2022	Absolute Change	Change %	Financial Statement 2023	Financial Statement 2022	Absolute Change	Change %
ECONOMIC DATA								
Total Revenues	505,679	481,451	24,228	5.03%	502,206	478,862	23,344	4.87%
Gross operating margin	148,022	146,681	1,341	0.91%	147,568	146,438	1,130	0.77%
Gross operating margin/Total revenues	29.27%	30.47%	-1.2 p.p.		29.38%	30.58%	-1.2 p.p.	
Operating income (EBIT)	52,800	55,503	(2,703)	-4.87%	52,381	55,287	(2,906)	-5.26%
Operating income (EBIT)/Total revenues	10.44%	11.53%	-1.09 p.p.		10.43%	11.55%	-1.12 p.p.	
Net profit (loss)	41,704	41,742	(38)	-0.09%	41,451	41,584	(133)	-0.32%
Net profit (loss)/ Total Revenues	8.25%	8.67%	-0.42 p.p.		8.25%	8.68%	-0.43 p.p.	
EQUITY DATA								
Net fixed assets	1,034,559	955,961	78,598	8.22%	1,034,274	955,844	78,430	8.21%
Net equity	762,793	729,149	33,644	4.61%	761,137	727,719	33,418	4.59%
Gross financial debt	(392,497)	(365,905)	(26,592)	7.27%	(392,486)	(365,892)	(26,594)	7.27%
Gross financial debt	(281,041)	(240,830)	(40,211)	16.70%	(282,349)	(241,792)	(40,557)	16.77%
OTHER DATA								
Investments	162,166	110,779	51,387	46.39%	161,964	110,733	51,231	46.27%
Amortization	82,855	77,591	5,264	6.78%	82,823	77,565	5,258	6.78%

SMAT GROUP: SUMMARY OF THE Results IN FIGURES	Consolidated Financial Statement 2023	Consolidated Financial Statement 2022	Absolute Change	Change %	Financial Statement 2023	Financial Statement 2022	Absolute Change	Change %
WORKFORCE¹	1,068	1,075	(7)	-0,65%	1,041	1,047	(6)	-0,57%
ECONOMIC/EQUITY INDICATORS								
Gross Borrowing Need /Net Equity	0.51	0.50	0.01		0.52	0.50	0.02	
Gross Borrowing Need/MOL	2.65	2.49	0.16		2.66	2.50	0.16	
EBITDA/Financial expenses ²	19.02	34.06	(15.04)		19.05	34.04	(14.99)	
ROI	3.65%	3.95%	-0.3 p.p.		3.62%	3.93%	-0.31 p.p.	
ROE	5.47%	5.72%	-0.25 p.p.		5.45%	5.71%	-0.26 p.p.	
ROS	14.23%	15.39%	-1.16 p.p.		14.12%	15.32%	-1.2 p.p.	
Net financial Position/Net Equity ≤1	0.37	0.33	0.04		0.37	0.33	0.04	
Net financial position/MOL (EBIT+Amortization) ≤5	2.07	1.81	0.26		2.09	1.82	0.27	
Gross financial debt/MOL (EBIT ³ +Depreciation) ≤4,5	2.89	2.75	0.14		2.90	2.75	0.15	
MOL (EBIT ³ +Depreciation)/Net Financial expense>5 ⁴	-68.27	294.66	(362.93)		-63.43	303.88	(367.31)	
Net fixed assets/Gross financial debt ≥ 1,30	2.62	2.60	0.02		2.62	2.60	0.02	

A3. Main technical data and operating area

At the end of the fiscal year, your Company develops water services in 292 Municipalities, either directly or through Operational Services involved, besides the water treatment in the Municipality of Burolo.

On January 1, 2023 SMAT acquired the management of the Water Supply Service for the Municipality of Al-pignano, and respectively on February 1, 2023 and October 1, 2023 it acquired the management of the Integrated Water Service (water supply, sewer network and wastewater treatment services) for the Municipalities of Traves and Bruzolo.



¹ Including temporary employment and secondment contracts and leaves of absence of which a manager who was on leave of absence art. 15 of National Collective Labour Agreement for Public Utility Company Managers 16 October 2019

² (excluding the value adjustments of financial assets)

³ EBITDA or MOL meant in compliance with the contract statements as EBIT + Amortization

⁴ The Gross Operating Margin/Net Financial Expenses ratio is negative as in the 2023 financial year the difference between financial expenses and financial income bears a negative arithmetic sign since the income is greater than the expenses and, therefore, the covenant is met

Municipalities served to December 31, 2023: 292	Drinking water plants: 96
Residents: 2,187,442 ⁵	Self-produced energy: 73.292 MWh
Surface area: 6,336 Km ²	Waterworks network in km: 13,161
% of the resident population served: 99.72	Sewer network in km: 10,356
Waterworks users contracts: 396,363	Water treatment plants 368
Water invoiced: 163,471,216 m ³	Volumes treated: 292 mln m ³

Taking into account the volume estimates in the accounting period, the volume of drinking water amounted to 163,471,216 m³, delivered to a total of 396,363 users of whom 85% were domestic user contracts. The average per capita household use is 163 l/inhabitant/day with the peak demand of 5,757 l/sec on 04/18/2023.

The water production capacity was used, within a general context where the lack of service does not virtually exist, obtaining resources from:

Sources	2023
Springs	13%
Surface water	20%
Water table	67%
	100%

The urban wastewater treatment systems that are directly managed, divided by potential, are as follows:

Plants with a W.D. (water delivered) potential < 2,000	n	322
Plants with 2,000 <= W.D. < 10,000	n	24
Plants with 10,000 <= W.D. < 100,000	n	19
Plants with 100,000 <= W.D. < 2,000,000	n	2
Plants over 2,000,000 p.e.	n	1
TOTAL	n	368

With regard to the drinking water treatment plant, in 2023 the treated volume amounted to 292 million m³, of which 3.4% represents the volume of industrial waste water, and 24,142 tons of sludge, measured in terms of dried material, were produced.

The data refers to plants that serve over 2,000 inhabitants equivalent (282 million m³ treated, of which 177 million m³ of the Castiglione Torinese plant), relative to the elimination of the effluent from pollutants and treatment yields, and shows a high index of efficiency and efficacy in the accounting period as in the percentage of reduction in the following indicators:

Breakdown pollutants (Plants >=2,000 p.e.)	Input t/year	Output t/year	Breakdown	Breakdown %
Total suspended solids (SST)	49,081	1,275	47,806	97
Chemical oxygen demand (COD)	104,858	5,525	99,333	95
Biological oxygen demand (COD)	60,024	1,194	58,830	98
Total phosphorous (P _{tot})	1,207	176	1,031	85
Total nitrogen (N _{tot})	8,661	1,795	6,866	79

A4. General description of the activities

Year 2023 corresponds to the 24th activity of SMAT S.p.A which continues management of the integrated water services in the plan of Ambito Territoriale Ottimale 3 Torinese ("ATO3 Torinese"), coordinated the Group activities and defined its strategic goals until 2033.

The results achieved in the year substantially met the forecasts: the Gross Operating Margin reached 147.6 million euros, exceeding the expectations of IP 4.0, amounting to approximately 122.7 million euros (see section F4), thanks to an increase in "Revenues" as a result of the new tariff structure following the biennial tariff update, an increase in "Other Revenues" attributable to activities related to the production and sale of energy products, and "Other Operating Revenues" which include the tax credit for electricity and gas, although this positive change was offset by an increase in operating costs mainly due to the increasing trend in energy market prices and in the prices of raw materials for maintenance except for personnel costs, which were lower than expected.

The parent company's investments, reaching a level of EUR 162 million, corresponding to EUR 74 per inhabitant, are higher than expected in the IP 4.0 (4.0 forecast (EUR 99 million) and also the previous year (EUR 111 million).

These results were also accompanied by satisfactory financial data, which ensured compliance with the contractual covenants, leaving a large margin of safety.

A5. Service agreement

The management re-unification of Ambito 3 Torinese and the subsequent distribution of the service in compliance with the rates and action plan defined by the Ambito Governance Body are exercised by your Company on the grounds of the following deeds:

- Service agreement for the management of the integrated water service within Ambito Territoriale Ottimale N. 3 "Torinese" signed on October 1, 2004, in execution of deliberation no. 173 undertaken by the Conference of Ambito 3 Torinese on May 27, 2004;
- Supplementary deed signed on October 2, 2009, for the assimilation of the periodical review of the 2008-2023 Ambito Plan, approved by Ente d'Ambito Conference resolution no. 349 dated March 27, 2009;
- Agreement signed with ACEA Pinerolese Industriale S.p.A. on December 28, 2007, upon execution, with validity starting on July 1, 2007, of the provisions of resolution no. 282 passed by the Conference of Ambito 3 Torinese on June 14, 2007, which confirmed the qualification of SMAT as Sole Provider of the Integrated Water Services for Ambito Ottimale Torinese and of ACEA as safeguarded operational provider in the territory of historical reference, revised by the parties on November 20, 2015;
- ATO3 approved by Resolution no. 598 of April 29, 2016 the updated Ambito Plan (2016-2033), after reiterating the choice of an in-house appointment and confirmed SMAT S.p.A. for the Ambito management up to December 31, 2033, term that was considered as consistent to ensure the economic and financial sustainability of the investments required by the Plan;
- The amendment to the convention, which is also aimed at having the Service Convention comply with the Standard Convention approved by 'EEGSI by deliberation no. 656/2015/R/IDR dated December 23, 2015, as submitted to the Assembly of the Shareholders on October 14, 2016, was signed on August 8, 2016, by SMAT S.p.A. and ATO3;
- On December 6, 2018, the Shareholder Meeting approved the amendment to the integrative document for the Convention to implement the 2-year rate provisions for the years 2018-2019 and development of the economic plan for the period 2018-2033, approved by ATO 3 with resolution no. 692 on June 26, 2018.
- On June 27, and July 11, 2019, SMAT S.p.A. and ATO3 stipulated a supplementary agreement to the Convention, in order to implement the updated financial economic plan approved by ATO by way of Resolution no. 720 of April 09, 2019.
- On June 17, and July 11, 2019 respectively, SMAT S.p.A. and ATO3 stipulated a supplementary agreement to the Convention, in order to implement the updated financial economic plan approved by ATO3 by way of Resolution no. 774 of April 09, 2020.
- On February 2, and February 3, 2023 respectively, SMAT S.p.A. and ATO3 stipulated a supplementary agreement to the Convention, in order to implement the updated financial economic plan approved by ATO3 by way of Resolution no. 825 of November 3, 2022.

A6. The Territorial Area Plan and the programme of interventions

On December 21, 2015, ATO3 Torinese - by resolution 587 - updated the Ambito Plan for the 2016-2033 period, which reports total investments for EUR 1,534,138,724, transmitting it to the Regional Executive Council and to the Authority for Electricity, Gas and Water Systems (AEEGSI now ARERA) for the consequent fulfilments.

On April 29, 2016, by resolution no. 598, the Autorità d'Ambito 3 approved the updated Ambito Plan (2016-2033), which adopted the modifications applied during the Strategic Environmental Assessment.

With its Resolutions No. 692 of June 26, 2018 and No. 720 of April 9, 2019 the Territory Authority no. 3 approved the Two-Year Updating of rate provisions for the years 2018-2019, the development of the Economic Financial Plan for 2018-2033" and the Interventions Program setting forth the objectives in the Territorial Plan, as well as those connected to the Technical Authority.

On July 23, 2020 with resolution no. 759, the Territory Authority no. 3 approved the Programme of Interventions (PdI) for 2020-2023 e the Strategic Works Plan for 2020-2027 pursuant to resolution no. 580/2019/R/IDR adopted by ARERA on December 27, 2019, confirmed with resolution no. 759 of December 16, 2021.

On November 3, 2022, with resolution no. 825, Territory Authority no. 3 approved the Programme of Interventions for 2022-2023 and the Strategic Works Plan for 2022-2027 pursuant to ARERA resolution no. 639/2021/R/IDR of December 30, 2021 on the updates to the rate proposal for the 2022-2023 two year period. It's being defined by the Territory Authority the Programme of Interventions for 2024-2029 and the Strategic Works Plan for 2024-2035 pursuant to ARERA resolution no. 639/2023/R/IDR of December 28, 2023 on the updates to the rate proposal for the 2024-2029 period.

A7. Applied research & development activities

Through the study, adoption and development of new technologies, warning and forecasting systems, the creation of innovative processes, and the digitalization and optimisation of processes, the SMAT Research Centre aims to find efficient solutions for aqueduct services, purification and sewerage, targeted at increasing energy efficiency, mitigating climate-altering emissions and containing the impacts of climate change on water resources, on production, distribution and treatment infrastructures and on the water service as a whole.

The Research Centre has proven to represent a point of reference in the field of water resources management and innovation in the integrated water service, tackling with a multidisciplinary team the challenges posed by the impacts of climate change, increasingly stringent regulations and the emergence of new critical issues.

Below is a summary of the most significant research activities:

- 32 projects were carried on in 2023;
- 11 new projects were started;
- 10 projects were completed;
- 4 project proposals were submitted for funding from European Union research programmes;
- 9 peer-reviewed scientific papers were completed, and scientific publications and papers were produced and presented at international conferences
- 7 new collaboration agreements were entered into with public and private organisations;
- 94 were the academic and industrial partners with whom the Research Centre collaborated.

The guidelines for the selection of the projects to be undertaken are defined by the Evaluation Committee headed by SMAT's Chairman and – in addition to the Chairman – composed of the Managing Director and the Head of Laboratori e Qualità Acque. As needed, the Chairman convenes the meetings, which are attended by all the members of the Evaluation Committee and R&D staff members to review, assess and approve the progress of the projects underway and the start of new ones.

A8. International projects

In 2023, SMAT continued activities related to the SO-WOP project funded by the "EU-WOP Programme" managed by the UN-Habitat Global Water Operators' Partnership Alliance (GWOPA)

The activities of the SO-WOP project "*Supporting OWSSB (India) in upgrading Capacities in WAstewater and fecal Sludge Management*" continued with the provision of online education and training courses, in addition to the usual Project Management meetings.

During the project, SMAT, at the request of the "Beneficiary Partner" Odisha Water Supply and Sewerage Board (OWSSB, Indian Utility), purchased and had the laboratory instrumentation, consisting of a spectrometer along with reagent kits, delivered to India.

SMAT also participated in the 5th “Global WOPs 2023” Congress with the theme “*Resilience in challenging times: Mobilizing collaboration for future-ready water and sanitation service providers*”, held in Bonn, Germany, also organised by the GWOPA.

Also, in the current year, there was the mission of the delegation, made up of 6 Indian technicians (4 technicians from the WATCO company, 1 technician from the Indian Utility OWSSB and 1 official from the Municipality of Jatni) and two Filipino technicians from WaterLinks (a local NGO), to carry out the training activity in Turin at the SMAT plants.

Also on an international level, SMAT was awarded the tender announced by the Ethiopian Ministry of Water and Energy with the project “*NRW Reduction Strategic Plan for Gambella, Semera and Asosa*”, presented with SWS S.r.l. (lead partner), Hydroaid and AI Engineering: SMAT's task will be to coordinate the drafting of the operational business plan of the five towns and the training in Italy of Ethiopian technicians for specific training, aimed at finding network leaks.

In 2023, SMAT—together with the lead partner CIHEAM of Bari—and Hydroaid participated in the “*WATER KNOWLEDGE Egyptian—Italian Water Training Programme*” project, financed by the Italian Agency for Cooperation and Development. This project provided for the training of public officials from the Ministry of Agriculture and the Environment, as well as Egyptian technical personnel, through e-learning training courses and technical visits to Italy.

The delegation, made up of 14 Egyptians, visited the purification plants of Collegno and Castiglione Torinese and the SMAT Group's compost plants.

Finally, SMAT continued to provide training courses and organise technical visits for foreign delegations through its participation—as a partner—in various international projects.

A9. European Projects

At the European level, SMAT has launched new project proposals and concluded its activities relating to projects financed under the Horizon 2020 programme.

Based on the call “*MISS-2022-OCEAN-01-03 Mediterranean Sea basin lighthouse - Actions to prevent, minimise and remediate chemical pollution*”, SMAT was awarded the iMERMAID project “*Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and decontamination from Chemical Pollution*”.

SMAT will verify, at one of its purification plants, a system developed by the University of Florence for the online monitoring of heavy metals and a technology developed by a Finnish company for the removal and recovery of heavy metals.

As part of the Marie Skłodowska - Curie Actions (MSCA) Doctoral Networks call, SMAT - as an associated partner - was awarded the In2Aguas project “*INtegrated Approach TO secure water QUALity by exploiting Sustainable processes*”, funded for doctoral programmes in various areas at Research and Innovation, achieved through partnerships among Universities, Research Institutes, Companies and other socio-economic actors from various European and non-European countries.

The In2Aguas project recruits 15 doctoral students who will join the doctoral programme, and takes care of the organisation of seven events that will be held in various Italian and foreign towns to offer students extensive and interdisciplinary training.

As part of the European Life Climax Po project “*Climate Adaptation for the Po river basin district*” the kick-off meeting was held with the Po River Basin Authority (ADBPO – Project Coordinator) and the second meeting project with all partners.

SMAT will improve the climate resilience of its urban drainage network by setting up effective tools and management plans for risk assessment.

In this context, SMAT will make its know-how available for the monitoring and forecasting of critical meteorological events for the urban drainage infrastructure and for the definition of the multi-level governance strategies of the project.

In the current year, SMAT is working on the identification of case studies and the correlation analysis of the data provided by the SMAT rain gauges and those of the ARPA Piedmont regional monitoring network.

Finally, also at a European level, SMAT - together with the leader Sea Marconi Technologies - CIDIU, CIDIU Servizi and Orchestra S.r.l. – presented the BioEnProH2O project “*BioEnergies, Products and Water (Output) extracted and co-valorised from primary and residual matrices and resources (Input) with integrated sustainable solutions of circular and granular supply chains for macro and micro-communities*”, financed by the European Union with PNRR (National Recovery and Resilience Plan) funds as part of the MIUR (Ministry of University and Research) cascading calls - PNRR.

BioEnProH2O has "zero emissions" as its objective, both for the control of climate-altering gaseous emissions and for the vitrification and artistic-social recovery of ash and inert residues which constitute dry residues of the thermochemical treatment and conversion process.

SMAT will develop protocols and models for analysing and validating the quality of the wastewater arriving from the BioEnProH2O pre-treatment processes.

Also, within the H2020 programme, the CALLISTO project concluded with a final event held in December 2023. This project led to the development of several products, including an Augmented Reality Application for smartphones and an Application (SMAS) which allows the collection and synthesis of data relating to the integrated water service and coming from social media.

A10. SMA Torino S.p.A. Membership in National and International Associations

In 2023 SMAT participated actively with numerous associations working at different levels, from international to local level, confirming its interest in being personally present at all the tables where the most relevant issues for the integrated water service are dealt with, both in the technical/management field and in the administrative and governance field.

The most significant associations are described below, with indications of their operating range.

L - Conservizi Piemonte and Valle d'Aosta is the multi-regional confederation that represents safeguards and promotes the interests and development of the Members that operate in the SPLs of industrial application (Water, Gas, Energy, Environmental Hygiene and TPL) operating in the Piedmont and Valle d'Aosta region. Within the Association SMAT is represented by two members in the Executive Council with relevant assignments such as Water Sector Coordinator and Technological Innovation Coordinator.

L – The Utility Alliance of Piedmont is a network of fully state-owned companies that manage from 2016 public utility services in the water supply, energy and environmental sectors. The Utility Alliance of Piemonte is made up of 16 Public Service Providers with in-house concessions in the Piemonte Region and serving over 3.5 million residents (80% of the population in Piedmont), with comprehensive turnover of more than 600 million Euros. SMAT holds a member within the Shared Management Committee.

N - Althesys is an independent research centre specialising in economic research and strategic consulting in the environment, energy, infrastructure and utilities sectors supported by economists and strategic consultants who assist companies, associations and institutions in the analysis, evaluation and design of policies in key sectors for the country. The knowledge acquired thanks to the "Water Strategy (WS) think tank," of which SMAT is a participant, provide qualified support.

N - REF Ricerche - is an independent company that offers customised research and consultancy services, organises observatories and training activities, and supports companies, institutions and governmental bodies in cognitive and decision-making processes within the framework of Local Public Services and, in particular, in the water sector. SMAT takes an active part in the REF think-tank and provides support with the drafting of the institute's numerous publications.

N - SPRING – Sustainable Process and Resources for Innovation and National Growth is a non-profit association established in 2014 that brings together networks and supply chains of the Italian biobased industry and constitutes the Italian "Cluster of the Circular Bioeconomy".

The objective is to contribute to the creation of the right conditions for developing context, and an attractive, dynamic, innovative, competitive industrial and academic framework, in constant growth. SMAT has a member in the Governing Council and appoints the Responsible for the water sector. The association has over 150 members.

N - Utilitalia is the Federation that gathers over 450 subjects operating in the public services, (Water, Environment, Electricity and Gas) representing them at national and European institutions. Utilitalia has a total workforce of over 100,000 employees - of which 40,000 are dedicated to the Water Service. In particular, the Utilitalia Members provide the water service to 80% of the national population.

Within the largest Italian association, SMAT is represented in the Steering Committee, in the Executive Council and is present in several Commissions (Drinking Water, Wastewater, Regulation, In-house, SME and Innovation).

E - Aqua Publica Europea (APE) is the European Association of Public Water Operators headquartered in Brussels. It unites publicly owned water service companies and a wide range of stakeholders working to promote public water management at both European and international level. APE brings together 70 public companies from 14 European countries serving an area with more than 80 million inhabitants and generating a total turnover of around EUR 10 billion/year.

SMAT serves on the Working Groups of the European Association of Public Water Operators (APE) and is one of the companies coordinating the Innovation & Research Group and the Wastewater Treatment Sludge Group, a topic of great interest at European level.

E – EUREAU is the European Federation of National Water Service Associations, which brings together 37 companies that manage the integrated water service in 34 European countries. EurEau promotes the shared interests towards the European Institutions and pays special care to the pathway that generates the policies related to the water sector. SMAT represents Utilitalia in the Drinking Water Commission

E - The European House - Ambrosetti is a team of ca. 250 professionals, active internationally since 1965, who operate as a predominantly economic and econometric think tank, analysing national, European and global scenarios.

SMAT is a founding partner of Community Valore Acqua, a multi-stakeholder platform on water management serving as a driver of competitiveness and development.

E - WATER EUROPE, established by the European Commission in 2004, and regulated by Belgian law, is a multi-stakeholder technology platform dedicated to water supply and wastewater treatment services. It works to increase and improve the performance of water service operators according to sustainable and inclusive criteria and helps addressing global water challenges.

Its goals are to develop research and take up the challenges of an integrated and sustainable management of water resources. SMAT is present with its Research Centre and as representative of Utilitalia; its members serve on the VLT (Vision Leadership Team) groups responsible for defining the “*vision*” and the future development of the platform.

E - European Benchmarking Cooperation (EBC) manages International Benchmarking through a non-profit foundation whose core business is the benchmarking of water services.

EBC's mission is to support water services in the ongoing process of improvement and innovation by enhancing transparency and providing a platform for the exchange of best management practices.

SMAT's participation in International Benchmarking, which was created to meet a need for comparing company performance in a non-national context with a view to pursuing improvement and knowledge enhancement goals, is now in its 15th edition.

M - IWA – International Water Association is a London-based non-governmental, non-profit organisation whose mission is to unite water operators and professionals in a worldwide network in order to advance and disseminate the standards and best practices of sustainable water management. IWA organises events worldwide with the aim of disseminating best practices in the water sector.

B. COMPOSITION OF THE SMAT GROUP

B1. Parent Company SMA Torino S.p.A.

The Capital Stock at the end of fiscal year 2023 is equal to EUR 345,533,761.65, fully paid and recorded to the Register of Enterprises of Turin in compliance with the law, and it is represented by 5.352.963 ordinary shares of the unit nominal value of EUR 64.55.

The share register, updated to the date of the balance sheet, the Municipality of Turin directly holds 3,231,679 shares and - indirectly - through subsidiary Finanziaria Città di Torino Holding S.r.l., other 169,331 shares, for a total amount of 63.54% of the Share Capital.

The Parent Company holds 492,960 shares, 9.21% of the Capital Stock own shares that it purchased pursuant to art. 2357 of the Italian Civil Code.

The remaining 1,458,993 shares (which represent 27.25% of the Capital Stock, equal to EUR 94,177,998.15) are distributed amongst 293 other Associates, 291 of which are Municipalities.

On 23 February 2024, the Municipality of Valprato Soana became a member.

B2. Own shares and shareholdings in subsidiaries

As at 12/31/2023 the number of own shares held by the parent company SMAT S.p.A. amounts to 492,960 shares (representing 9.21% of the share capital for a total value of EUR 31,820,568.00) to which it refers the relative negative Net Equity provision (EUR 32,993,017.65).

The available reserves in the 2023 balance sheet, after purchasing owned shares in the previous years, are nearly totally exhausted.

Within the SMAT Group, the subsidiaries do not hold any shares in the controlling company.

B3. Subsidiaries and associates included in the consolidation area

SUBSIDIARIES:

- RISORSE IDRICHE S.p.A. di Torino

As at December 31, 2023, the parent company SMA Torino S.p.A. holds 91.62% of the share capital of EUR 412,768.72.

On 5 April 2024, the shares owned by INTECNO S.r.l. were transferred to the majority shareholder SMA Torino S.p.A.

The selling operation involved 49,861 shares of Water Resources (equal to 6.28% of the share capital), with a nominal value of 0.52 euros each, at a total consideration of 45,000 euros defined on the basis of the fraction of Shareholders' Equity recognised in the financial statements as at December 31, 2022.

Therefore, the share of Share Capital owned by the parent company, SMA Torino S.p.A, has increased to 97.91%. The remaining 2.09% is owned by a design company operating locally.

The company prevalently operates in the engineering sector relevant to the Integrated Water Service and was transferred by the Parent Company - effective on January 1, 2005, the branch of activity relevant to the design services with the specific aim of maximizing the systematicity, the quality, organizational efficiency, flexibility and design standardization of the Integrated Water Service with special reference to the territory water infrastructures connected to the Piano d'Ambito.

Fiscal year 2023 closed with an operating income of EUR 157,853 and a net result of EUR 29,132.

The activities of the subsidiary are fully focused to Parent Company SMAT, for which it developed the totality of the appointments for design and works management it received.

Consequently, the Net Capital of the subsidiary at the end of 2023 amounts to EUR 747,155.

Subsidiary Risorse Idriche S.p.A. has been consolidated by the Integral Consolidation method since fiscal year 2004.

- AIDA AMBIENTE S.r.l. of Pianezza

On August 1, 2008, the Parent Company subscribed 51% of the Capital Stock, namely EUR 100,000, of Company AIDA Ambiente S.r.l., established at the same date, since the remaining part was subscribed by Azienda Intercomunale Difesa Ambiente A.I.D.A. di Pianezza.

Since the Company operates in a systematic, independent way within the group framework with the Parent Company, and is therefore subject to the management and coordination of the latter in compliance

with articles 2359 and 2497 of the Civil Code, it is assigned to the management of segments of the integrated water cycle managed by the Parent Company as Sole Territorial Service Provider, as well as the management of liquid waste as defined by the law.

The management evolution of the subsidiary generated an EBIT of EUR 179,742 and a positive Net Result of EUR 176,574 in the fiscal year 2023.

Consequently, the Net Capital of the subsidiary at the end of 2023 amounts to EUR 995,911.

The aforesaid company was consolidated by the Integral Consolidation method since fiscal year 2009.

COMPANIES SUBJECT TO JOINT EQUAL CONTROL (ASSOCIATES)

- **SAP S.p.A. Turin-based company under liquidation (since June 1, 2021)**

Società Acque Potabili S.p.A. Under liquidation is an associate of SMAT holding an equal interest of 47.546% in IRETI S.p.A., with 3,429,125 shares.

The Extraordinary Shareholders' Meeting of company Società Acque Potabili S.p.A. held on April 29, 2021 resolved on the early dissolution of the Company pursuant to art. 2484(1) no. 6) of the Civil Code and its ensuing winding up. The deed was registered and recorded in the Trade Register of Turin on May 31, 2021. As from that date, the resolution for the liquidation of Società Acque Potabili came into full effect.

The Ordinary Shareholders' Meeting of company SAP S.p.A. in liquidation, held on April 29, 2024, approved the financial statements for the year ended December 31, 2023 (second intermediate liquidation financial statements) that closed with a positive result of EUR 177,000. At the end of 2023, net worth came to EUR 17,192,000 (IAS/IFRS criteria), whereas Consolidated Net Worth as at December 31, 2022, amounted to EUR 17,164,000.

For the purposes of the Consolidated Financial statement as at December 31, 2023, the shareholding in Acque Potabili S.p.A. was assessed with the Net Equity method, since there are the premises that define its equal joint control, together with IRETI, and it was classified amongst the shareholdings in with joint control.

In the consolidated financial statements, the value of the shareholding was EUR 8,174,000 (it was EUR 8,171,000 on December 31, 2022). In the financial statements, this value remained unchanged at EUR 7,808,000 and is supported by the impairment test performed by an independent external expert, who used the equity valuation method as the company is in liquidation.

The changes in shareholdings are detailed in paragraph F.10 "Acque Potabili S.p.A. in liquidation".

B4. Shareholdings in other companies

- **APS S.p.A. in Liquidation (now in Bankruptcy) in Palermo**

Company Acque Potabili Siciliane S.p.A. (APS) was established on February 27, 2007 with an initial Share Capital of EUR 5,000,000, and it is held jointly for 9.83% by SMAT S.p.A. and Mediterranea di Acque S.p.A. The same company was established as a result of the tender called for awarding the Integrated Water Service in the territory of the 81 Municipalities of the Province of Palermo (Municipality of Palermo excluded) by ATO 1 of Palermo.

Arbitration

On June 25, 2015, an articulated arbitration procedure started on January 7, 2010 by the submittal by APS and of the shareholders aimed at:

- ascertaining that AATO 1 Palermo had become seriously noncompliant against the AAPS authority;
- sentencing AATO 1 Palermo to full compliance with the Agreement and to restore the economic and financial balance of the concession;
- sentencing AATO 1 Palermo to pay in any event the damages suffered by APS deriving from the ascertained and declared non-compliance.

The final Award of the arbitration between Acque Potabili Siciliane in bankruptcy, Acque Potabili S.p.A. and AATO 1 Palermo was deposited on June 25, 2005.

The Award acknowledges in favour of Acque Potabili Siciliane in bankruptcy and against the 'ATO, the following amounts:

- EUR 18,349,342.00 for the indemnity of the redemption bonuses
- EUR 21,195,041.00 less revenue for non- collection of the set-off amount by AMAP;
- EUR 5,923,000.00 reduced revenue for lower water volumes invoiced and different rates applied ;

- EUR 3,212,037.00 greater wholesale water costs;
- EUR 773,000.00 less revenues resulting from arrears.

Furthermore, the arbitration acknowledges some of the emerging damage assumptions affecting the shareholders, highlighting that they can enforce them against Acque Potabili Siciliane in bankruptcy also through claiming in the liabilities, i.e. :

- EUR 6,600,681.00 for the engineering shareholders;
- EUR 1,350,685.00 for the management shareholders (of which EUR 359,548 for SMAT) as related to the know-how project

On the other hand, all the damage assumptions claimed by 'ATO (for an overall amount of EUR 200,000,000.00) were rejected and the only damage claim is the one regarding the Management Agreement fee, for a total amount of EUR 23,815,000.00 Subsequently, the final Award grants damages to 'ATO for an overall amount of EUR 33,588,786.00.

On February 9, 2016, 'AATO 1 Palermo notified the summons to appear in court for an appeal with request of declaration of groundlessness, after withholding the effectiveness, of the Second, Non-Final Award of October 29, 2012, of the Third Non-Final Award of February 24, 2015 and of the Final Award of June 25, 2015, which were pronounced as related to the aforementioned arbitration.

By an order filed on July 28, 2016, the Court of Appeal of Palermo ordered the withholding of the effectiveness of the final award of June 25, 2015, upon condition that 'AATO 1 Palermo provides the appropriate surety policy . The Court of Appeal has also ordered to adjourn the proceedings for the clarification of the conclusions to the hearing of November 7, 2018.

At the hearing on November 7, 2018 all the Parties presented their respective conclusions. Subsequently the Court assigned the terms for the closing arguments, which all the Parties compiled and deposited.

With a ruling filed on January 8, 2021, the Court of Appeal of Palermo – First Civil Section – confirmed the non-definitive 2012 and 2015 arbitration awards as well as the definitive award issued by the Arbitration Board on June 25, 2015, and ordered AATO 1 Palermo to pay the costs of the proceedings.

With an appeal dated June 8, 2021, AATO 1 Palermo brought an appeal before the Court of Cassation against the aforementioned ruling of the Court of Appeal.

Acting on its own behalf and as lead company of ATI, the winner of the tender, Acque Potabili filed a cross-appeal on July 16, 2021. The date of the hearing is pending.

With reference to the aforementioned investment in Acque Potabili Siciliane S.p.A., until October 28, 2013, under Extraordinary Administration Procedure, now in Bankruptcy, was subjected to complete write-down in the previous fiscal years. Furthermore, already in fiscal year 2010, SMAT S.p.A. set up an ad hoc provision for liabilities and potential charges of EUR 650,000 and - in the financial statement closed as at December 31, 2013 - provided for the full extinction of all the payables accrued up to the end of the Extraordinary Administration Procedure period (October 28, 2013).

- **SII S.p.A. of Vercelli**

19.99% shareholdings in Servizio Idrico Integrato del Biellese e Vercellese S.p.A. of Vercelli (Share Capital 131 thousand Euros – accounted cost and value EUR 1,300,102). Furthermore, the Company features shareholdings by Municipalities of Ambito 2 Vercellese and - since the object is the management of the water service in the Associated Municipalities, it shows a remarkable synergy potential with other local entrepreneurial realities in the perspective of being entrusted the management of the Integrated Water Service of said Ambito.

- **NOS S.p.A. of Turin**

10% Shareholding in Nord Ovest Servizi S.p.A. of Torino (Share capital EUR 7,800,000)– cost and book value EUR 1,750,000). Furthermore, the Company features a shareholding by Iren Acqua Gas S.p.A. di Genova (now IRETI S.p.A.), and by other public and private providers. "Nord Ovest Servizi S.p.A." manages the 45% shareholding in Asti Servizi Pubblici S.p.A.", which was purchased as a result of a public call of tender by a joint venture of the same shareholders in Nord Ovest Servizi.

- **Mondo Acqua S.p.A. of Mondovì**

4.92% shareholding in Mondo Acqua S.p.A. of Mondovì (Share Capital EUR 1,100 thousand– accounted cost and value EUR 18,204) Company with majority local public shareholding, held by the municipalities of Mondovì, Briglia, Villanova Mondovì, Roccaforte Mondovì and Vicoforte. The company purpose is the management of the water service in the territory of the shareholding Municipalities.

- **Environment Park S.p.A. of Turin**
3.38% in Environment Park S.p.A. of Turin (Share Capital EUR 11,407 thousand - cost 463,565 and accounted value EUR 385,440). Furthermore, the Company is also held by Public bodies, Service Companies and financial companies with local value and its purpose is the management of the environmental technological park appointed to research aimed at sustainable development.
- **Galatea S.c.a.r.l. Of Alessandria**
0.50% participating interest in Galatea S.c.a.r.l. Cooperative company of Alessandria (Share Capital EUR 10,000 - accounted cost and value EUR 51) in divestment process, whose object is the building and management of the waste water treatment plant of the Municipality of S. Stefano Belbo (CN).
- **Utility Alliance del Piemonte**
5.56% shareholdings in Utility Alliance- del Piemonte with offices in Turin (EUR 95,000 equity fund on the date of the financial statement – accounted cost and value EUR 5,000). Such network of public enterprises with in-house mandates was established by Notary Deed of July 19, 2016 among 11 water service companies of Piedmont, that have signed an ad hoc "network agreement" aimed at upgrading their competitive capacity through the shared exercise of representing interests in institutional and associative stakeholders, as well as in the decision-making processes.
By notary deed dated 05/21/2019, the consortium of companies took on the new name "Utility Alliance del Piemonte", expanding its operating area, adding the energy sector (Energy Alliance) to water services (Water Alliance), as well as environmental protection (Environmental Alliance), and opening up the possibility to join the network also for public service providers that manage public services and share the same goals as the business network.
The number of "*networkers*", updated as at the date of this financial statement, is equal to 18.
- **Hydroaid – International School of Water Development**
10.24% shareholdings in Hydroaid – International School of Water Development with offices in Turin (endowment EUR 293,000 - accounted cost and value EUR 30,000), composed of permanent shareholders coming from the public and private sectors (Piemonte Region, Turin Municipality, San Paolo Company, Turin Chamber of Commerce, Hydrodata S.p.A., in addition to SMAT), working to support corporate business and actively contributing to the creation of numerous projects and initiatives.

C. SMAT GROUP ECONOMIC TREND

<i>Amounts in ,000 Euros</i>	Consolidated Financial Statement 2023	Consolidated Financial Statement 2022	Absolute variation	Variation %	Financial Statement 2023	Financial Statement 2022	Absolute variation	Variation %
Revenues	371,064	360,708	10,356	2.87%	370,990	360,937	10,053	2.79%
Revenues for planning and construction activities	107,102	97,265	9,837	10.11%	107,102	97,265	9,837	10.11%
Other revenues	27,513	23,478	4,035	17.19%	24,114	20,660	3,454	16.72%
Total Revenues	505,679	481,451	24,228	5.03%	502,206	478,862	23,344	4.87%
Consumption of raw materials and consumables	(19,060)	(15,024)	(4,036)	26.86%	(18,936)	(14,879)	(4,057)	27.27%
Costs for leased assets and services	(147,152)	(140,803)	(6,349)	4.51%	(146,182)	(140,393)	(5,789)	4.12%
Payroll costs	(63,231)	(62,513)	(718)	1.15%	(61,479)	(60,746)	(733)	1.21%
Other operating expenses	(25,076)	(22,711)	(2,365)	10.41%	(24,904)	(22,686)	(2,218)	9.78%
Costs for planning and construction activities	(103,137)	(93,719)	(9,418)	10.05%	(103,137)	(93,719)	(9,418)	10.05%
Total operating expenses	(357,657)	(334,771)	(22,886)	6.84%	(354,638)	(332,424)	(22,214)	6.68%
Gross operating margin	148,022	146,681	1,341	0.91%	147,568	146,438	1,130	0.77%
Depreciation, provisions and write-downs	(95,223)	(91,178)	(4,045)	4.44%	(95,187)	(91,152)	(4,035)	4.43%
Operating income (EBIT)	52,800	55,503	(2,703)	-4.87%	52,381	55,287	(2,906)	-5.26%
Total financial management	2,000	(381)	2,381	-624.93%	2,132	(437)	2,569	-587.87%
Result before taxes	54,800	55,122	(322)	-0.58%	54,512	54,849	(337)	-0.61%
Income Taxes	(13,096)	(13,380)	284	-2.12%	(13,061)	(13,265)	204	-1.54%
Net Profit/(loss) for the year	41,704	41,742	(38)	-0.09%	41,451	41,584	(133)	-0.32%
Of which								
belonging to non-controlling interests	90	65						
belonging to shareholders of the Parent Company	41,613	41,677						

The growth in "Revenues" of 2.79% is attributable to the net change between the effect of the applied tariff increase and the effects of the reduction in invoiced volumes and the issuance of credit notes to users who have detected water leaks in private facilities, in compliance with ARERA Resolution 609/2021.

Furthermore, the recognition of the technical quality and contractual quality awards established by ARERA with resolution no. 476/2023/R/idr and 477/2023/R/idr of October 17, 2023 (+1,496 thousand euros) and the greater uses of the provision for risks and related charges (+4,110 thousand euros) had a positive effect. The sale of energy products recorded a negative trend of 4,308 thousand euros determined by the reduction in the market price of gas. The positive change in "Other operating revenues" equal to 16.72% was generated by the increase in contributions released from public entities and the AmmFoNI component included in the 2020-2023 tariff manoeuvre. Furthermore, there were greater adjustments to the risk fund and related charges (+2,125 thousand euros) and contingent assets (+755 thousand euros).

The 27.27% increase in the "Costs of raw materials and consumables" was due to the continuation of the upward trend in the prices of chemical and construction materials.

The growing trend of "Costs for services and use of assets" equal to 4.12% was mainly determined by the costs relating to electricity. During the year, the average green tariff recorded an increase due to the transition to the variable tariff system, resulting in a higher overall cost of 15.18%, despite the reduction in consumption.

Bank expenses also increased (+657 thousand euros) for the costs related to the issuing of social bonus payments and postal expenses (+618 thousand euros) for good-natured reminders and notices of formal notice, but compared to the 2022 financial year, the costs relating to gas decreased by 2,566 thousand euros.

"Personnel costs" showed an increase of 1.21% mainly attributable to the salary increases related to the renewal of the C.C.N.L. (National Collective Labour Agreements) against lower provisions for risks and charges.

"Other operating expenses" went up by 9.78% over 2022, mostly due to the allocation to the provision for risks and charges, contingent liabilities and non-existent assets, and contributions to Unioni Montane.

The increase in "Depreciation, provisions and write-downs", of 4.43%, is due to increments in the depreciation, provisions and write-downs as a function of the works that came into service.

Financial management recorded an overall positive change due to higher interest income obtained on company liquidity and late payment interest compared to interest expenses accrued on existing loans.

D. INVESTMENTS BY SMA TORINO S.P.A. AND THE SMAT GROUP

The framework of the technical investments of the Parent Company and its subsidiaries in the balance sheet period is reported in the following table:

Investments	
SMAT S.p.A. Investments	
Tangible fixed assets	15,262,729
Intangible fixed assets	2,278,834
Assets under concession	144,422,910
	SMAT S.p.A. Total investments
	161,964,473
Investments by AIDA Ambiente	
Tangible fixed assets	192,944
Intangible fixed assets	0
	AIDA Ambiente Total investments
	192,944
Investments by Risorse Idriche	
Tangible fixed assets	4,744
Intangible fixed assets	4,150
	Total Investments by Risorse Idriche
	8,894
	SMAT Group Total investments
	162,166,311

STATE OF PROGRESS OF LARGE INFRASTRUCTURE AND PNRR PROJECTS

The Valle Susa Aqueduct and Waterworks

The Aqueduct for the Susa Valley, whose design and construction took about ten years, is a work designed to resolve the qualitative and quantitative water problems that at times have afflicted the inhabitants of the Susa Valley, and it is a concrete response to the effects of climate change which impact and will increasingly impact water availability.

The offshoot is built on the outlet of an existing hydroelectric power plant and allows the use of the water in the reservoir of the existing Rochemolles dam for drinking water. The work essentially consists of a water treatment plant for drinking water located in the municipality of Bardonecchia within the historic buildings of the compressor plant, serving the excavations of the Frejus railway tunnel built in the early twentieth century, buildings which later hosted an Enel hydroelectric power plant. From Bardonecchia, there is a pipeline which runs along the valley for 70 km, and along the route, it is interrupted by 3 line-breaking tanks which house 3 hydroelectric power plants for the multiple uses of the resource.

Along the route, various offshoots with dispatching chambers have been created for the safe power supply of the Valley's municipalities via a series of connection pipelines over 40 km long: by 2023, 21 municipalities had already been connected, and connections are expected to reach 31 municipalities in the coming years.

Between 2018 and 2021, the main pipeline relating to the Bardonecchia Caselletto section was completed, divided into lots: the first lot, the Caselletto-Bussoleno lot, the second lot, Bussoleno-Salbertrand, the fourth one, Salbertrand-Bardonecchia. The civil works of the 3 intermediate section-breaking tanks were carried out as part of the third lot and completed in 2017. During the years 2021 and 2022, the 3 hydroelectric plants were built inside the 3 tanks and put into operation.

The contracts for the construction of the pipelines connecting the first municipalities were called completion works: lot I section 1, lot I section 2, lot II section 3, lot IV section 4, and lot IV section 5, competed between 2020 and 2023. A completion lot was devoted to the construction of the railway crossings, as they were complex in terms of construction, technical aspects, and, above all, authorisations.

Lot V represents the culmination and activation of the entire work because it concerns the construction of the water purification plant, dispatching to the municipality of Bardonecchia, and the infrastructure for the hydraulic and electrical systems of all dispatching and control and line-breaking chambers.

The drinking water purification plant serving only the municipality of Bardonecchia for the first months came into operation in 2019.

The works for the supply and installation of the hydroelectric plants for power plant production (lot VI) were delivered in November 2020. During the year 2020, all the main pipelines came into operation, including railway crossings and dispatching pipelines.

The tender for the supply of hydroelectric turbines was announced in 2021.

In 2022, the installation of production groups and auxiliary electromechanical equipment for the three hydroelectric power plants planned for the energy recovery of the hydraulic heads along the line of the Susa Valley "*Valley Aqueduct System*", in the municipalities of Salbertrand, Chiomonte and Gravera were completed. In 2022 and 2023, another important intervention, approximately 6 km long, was carried out and finally put into operation, serving the connection of the municipalities of Rivoli and Rosta.

The connections, direct or by interconnection, to the municipalities of Chiomonte, Mompantero, San Giorio, Bruzolo, Villar Focchiardo, Vaie, Buttigliera, Alpignano, Val della Torre, San Gillio are currently being designed. A request was submitted to the Metropolitan City of Turin for a non-substantial change to the water diversion concession on account of the new configuration of the subsidiary intake on the Rochemolles Torrent. The new subsidiary intake will be realised in 2024.

Reclamation of the water treatment system for the Ivrea District

Construction works on the ultra-filtration system of the Plant in San Bernardo di Ivrea west (proj. 445 445) and the installation of the first lot of manifolds on the right bank of the Dora River were completed in 2019. The contract for second lot of manifolds was awarded in 2020. The year also saw the completion of the works for the expansion of the sewage treatment plant in Torre Balfredo (East Ivrea), which resulted in the plant being upgraded from a secondary to a tertiary plant for the abatement of nutrients, thereby also completing the treatment system for the left bank of the Dora Baltea River. Lot II of the cesspools was completed as at December 31, 2023.

Mediano Main Sewer - idropolitana

The imposing work is a main sewer line 3.2 m in diameter running underground at a depth of 20 m across the entire urban area of Turin from South to North, for a total length of over 14 km.

The new sewer line (prog. 3186) is strategic, not only as redundancy to the 40-year old intercity sewer line, which will be temporarily taken out of operation for the necessary extraordinary maintenance works, but also on account of its rainfall lamination function and the ensuing mitigation of the effects of climate change; it will result in a better distribution over time of the hydraulic load entering the Castiglione T.se water treatment plant, making a significant contribution to the efficiency of the wastewater treatment processes.

The original economic framework of the work as laid out in the Strategic Works Plan comes to EUR 146 million. In 2018, SMAT drafted the preliminary advanced project, and then published a call for bids to contract the design and execution of the entire job. In 2019, following an analysis of the bids received, the contract awarding commission identified the winning grouping of companies in consortium COLMETO s.c.a.r.l. formed by Itinera and Ghella.

On November 8, 2020 COLMETO S.c.a.r.l. handed over the revised complete final project.

With Determination no. 134 of June 15, 2021 of the General Director, the Ambito 3 Torinese Authority approved the Final Project Rev. 3 (without prejudice to provisos introduced by the entities concerned, to be incorporated in the final project), for a total contractual amount of EUR 119,726,762.04, broken down as follows:

- EUR 113,440,112.04 for fixed price works;
- EUR 2,091,000.00 for safety charges not subject to reductions;
- EUR 4,195,650.00 for the final detailed project and safety coordination during the design phase.

The project includes that the works are carried out totally in the Municipality of Turin, for the purpose of improving management of rain water collected in the sewer system coming from 20 municipalities in the south-west area of the city, as well as storm water from the Municipality of Turin network. The objectives are:

- to plan for the problems stemming from changes in climate, to alternate periods of drought with rainy periods, planning for future generations,
- to increase system reliability,
- to contribute to reducing environmental pollution.

On November 15, 2022 COLMETO S.c.a.r.l. delivered the executive rev.3 project, approved by SMAT S.p.A. dated April 3, 2023 with prescriptions, which is characterised by its special attention to safety in all processing phases. In order to have the maximum guarantee of the safety of the personnel involved, wartime reclamation was carried out in advance along the entire route to exclude the possibility of finding unexploded

wartime bombs during future excavation activities, and the safety devices were also increased. Partial handover of the works took place on May 4, 2023, and time to complete the works under the contract is 1,458 days. Two phases are planned for the realisation of the work.

The first involves the construction of the new sewer in the section from Parco Colonnetti to Piazzale Ceirano with interconnection to the existing infrastructure. In this section, the pipeline will be built using the micro-tunneling technique. The second phase will be started in parallel with the first and involves the construction of the new sewer in the stretch from Piazzale Ceirano to the Arrivore Park. In this section, the pipeline will be built using the Tunnel Boring Machine technique, the so-called "*mole*".

The work will last 4 years and will employ a total workforce of 1,800 workers.

Of the 122,034,582 euros for the cost of the works, 7,655,980 euros are allocated to the costs regarding safety.

The Valle Orco Aqueduct and Waterworks – PNRR M2C4-I4.1_A2-8

This is the greatest and most extensive of the large infrastructure projects in the industrial plan of SMAT S.p.A. for the next few years.

It will cover the current water deficits in terms of quantity as well as quality in the areas at Ivrea, Caluso and Canavese. The aqueduct will use the water from the reservoirs of Ceresole, Telessio and Angel situated at high altitude in the Gran Paradiso Park and today exploited by Iren Energia only for the production of hydroelectric power.

The infrastructure consists of 140 km of pipeline, for sourcing and supplying that will serve over 50 municipalities directly and indirectly, from Rivarolo to Cuornè and from Castellamonte to Ivrea amounting to over 120,000 inhabitants.

Over the course of 2018, the whole project was submitted to the assessment of EIA (Environmental Impact Assessment) liability at the Ministry of the Environment. On February 6, 2019, the project was deemed as screened for EIA. Following the tender process, the project for designing the water treatment plant and pipelines were assigned.

In June 2019, the Agreement between Regione/ATO3/SMAT/IREN Energia for the use of water resources for drinking water needs was signed.

With Decree no. 157 of the Ministry of Infrastructure and Sustainable Mobility (MIMS), the intervention as a whole was admitted for financing under the "Investments in primary water infrastructure for the security of the water supply" of Investment 4.1, Mission 2, Component C4 of the National Recovery and Resilience Plan (NRRP) for an amount of EUR 93,000,000.00, as well as EUR 36,352,813.24 admitted for financing under the "*Fondo per l'avvio delle opere indifferibili*".

In December 2022, the executive project was approved with an overall economic framework of 279,341,000 euros, and the tender for the assignment of the works was called, divided into 3 lots. The tender operations were concluded in 2023, and the new economic framework of the work, net of auction reductions, amounts to EUR 234,971,770.13.

The work was inaugurated on November 4, 2023 with a visit to the Locana construction site in the Praie hamlet by national and local authorities. Seventy per cent of the aqueduct purification plant will be underground; the project was, in fact, designed so as not to impact more than necessary with works above ground, and for this reason, the visible part will be covered with stone facings, and the roofs will be in slate.

The infrastructure will be an effective technical solution to counteract the effects of climate change over a vast area and ensure an adequate supply of high-quality water to the citizens of the Canavese and Eporediese municipalities, even in periods of severe drought. The awarding of the works was concluded well in advance of the schedule approved by the Ministry of Infrastructure, making it possible to begin the works quickly. To guarantee an increasingly efficient service, the works must be completed by November 2025.

Revamping the Po drinking water treatment plant

The definitive project was completed over the course of 2018 and approved by ATO in January 2019.

On September 21, 2020, the tender for the integrated contract regarding the executive design and modernization works of the structures relating to the Po1, Po2 and Po3 drinking water treatment plants included in the Po-La Loggia plant complex serving the network of drinking water for the City of Turin.

The process for the development of the executive project was concluded in 2022, and the executive project for the construction of the section of the pipeline leading to the Valsalice reservoir was contracted.

At the end of 2023, following design checks entrusted to a qualified company, the Board of Directors took note of the non-feasibility of the executive project presented by the Group of Companies and of the start of the procedure for terminating the contract.

Discussions with the contractor are still ongoing and still within the contractual termination process.

Thermal oxidation plant

It is a plant worth over EUR 50 million (prog. 14396) for energy recovery from the sludge generated by the SMAT treatment plants and the production of electric and thermal energy

The plant will make it possible to no longer move the sludge produced, reducing the environmental impact caused by its transport, it will allow the reduction of odorous emissions, avoiding its storage in the uncovered areas at the yard, and the energy valorisation of the sludge through the recovery of electricity and thermal energy, which will be used to power the industrial complex and heat the office buildings. The conceptual project and preliminary technical-economic feasibility projects were developed in the course of 2021.

The final project was developed in the course of 2022.

During 2023, the preparatory authorisation process for the construction of the plant was activated at the current purification plant in Castiglione Torinese. The realisation of the new project will not use up any land, either planimetric or volumetric, since it will be built on the site of the building that currently houses the outdated filter-pressing phase, nor will it consume water, since it will only use recycled water.

The construction of the thermal oxidizer will reduce the annual tons of sludge to be disposed of from 100,000 to 1,200.

In January 2024, the agreement was approved with which Smat undertakes to carry out a series of environmental interventions in the territory of the Municipalities of Settimo and Castiglione, associated with the future plant devoted to the thermal oxidation of sewage sludge.

The first action is the construction by SMAT of a photovoltaic system for the production of electricity in areas owned by the Municipality, with an expected power of 1 MW. This plant, granted on free loan to the Municipality, will be used by the same Body as a renewable energy source for municipal uses.

Digitalization Project – PNRR M2C4-I4.2

The project aims to digitalize and monitor the network for the distribution to all the municipalities served, aimed at reducing water losses, with the assistance of artificial intelligence algorithms.

The overall area of intervention includes a network of distribution of 12,842 km and a total of 2,321 km of connection pipelines, 617 remote-controlled plants, 169 SMAT water points, 1431 storage tanks, 207 pumping plants and 89 drinking water treatment plants.

The engineering approach that will be used will allow not only the reduction of network losses but also the optimisation of all design and operational aspects to significantly improve the overall quality of the integrated water service, benefiting the users, ensuring the service's economic sustainability, and achieving tangible and measurable results according to regulatory indicators.

The project involves the creation of a dedicated telecommunications network with the installation of metres for remote reading and sensors specifically designed for the active control of network losses and includes:

- the survey of water networks and their representation via GIS to proceed with the asset management of the infrastructure;
- the installation of smart instruments for measuring user consumption, flow rates, pressures, water levels in the tanks and other parameters that may be crucial to the quality of the service provided;
- the hydraulic modelling of the network;
- the installation of pressure control valves to reduce losses;
- the districting of networks and active loss control;
- the pre-localisation of leaks using classic and innovative methods;
- the identification of network sections to be replaced or rehabilitated assisted by the hydraulic model and decision-supporting tools;
- smart-metering tools for measuring volumes consumed by users.

The overall cost of the intervention, 66,123,570.00 euros, is financed by the European Union—Next Generation EU, through the Ministry of Infrastructure and Transport (MIT), for 50,000,000.00 euros.

Valperga purification plant – PNRR M2C4-I4.4

The intervention consists of revamping the plant, which means transforming it from secondary to tertiary.

The structure, located in the municipality of Valperga, serves the towns of Cuorné, Valperga, Borgiallo, Chiesanuova and other neighbouring municipalities.

The plant is designed in compliance with energy-saving guidelines, uses low-energy-consuming technologies, and is partly powered by a self-production system of electricity from a renewable source.

The intervention is eligible for funding by the European Union for Measure M2C4, Inv. 4.4 Sewerage and purification, through the Ministry of the Environment and Energy Security, for an amount requested by the Area Government Body ATO3 Turin equal to 11,680,000 euros.

E. FINANCIAL MANAGEMENT OF SMA TORINO S.P.A. AND THE SMAT GROUP

<i>Amounts in ,000 Euros</i>	Consolidated financial statements as at 12/31/2023	Consolidated financial statements as at 12/31/2022	Financial state- ments as at 12/31/2023	Financial state- ments as at 12/31/2022
A. Cash and cash equivalents	459	27	459	27
B. Other liquidity	110,996	125,048	109,679	124,073
C. Shares held for negotiation	0	0	0	0
D. Liquidity (A) + (B) + (C)	111,455	125,075	110,137	124,100
E. Current financial credits	0	0	0	0
F. Current bank debt	(3,020)	(2,645)	(3,019)	(2,644)
G. Current part of non-current payables	(135,000)	(10,192)	(135,000)	(10,192)
H. Other current financial debts	(1,387)	(7,707)	(1,384)	(7,704)
I. Current financial payables (F)+(G)+(H)	(139,407)	(20,544)	(139,403)	(20,541)
J. Net current financial payables (D) + (E) + (I)	(27,952)	104,531	(29,266)	103,560
K. Non-current bank debts	(249,880)	(199,866)	(249,880)	(199,866)
L. Issued bonds	183	(134,645)	183	(134,645)
M. Other non-current debts	(3,393)	(10,850)	(3,386)	(10,841)
N. Non-current financial payables (K) + (L) + (M)	(253,090)	(345,361)	(253,083)	(345,351)
O. Net Financial Position (J) + (N)	(281,041)	(240,830)	(282,349)	(241,792)

The net financial position of the parent company as at 12/31/2023 amounted to EUR -282,349 million as opposed to EUR -241,792 million as at 12/31/2022. The variation is mainly due to the disbursement of the second portion of 50 million euros of the "green loan" stipulated in September 2022 with the EIB for 150 million euros in support of the Area Interventions Programme, netted by the reimbursement of the related capital quotas to the existing financing contracts and the change in the amortized cost as well as the reduction in debts for leased assets and the full repayment of the advance introduced with ARERA resolution 229/2022/R/ldr and connected to the procurement of resources to cover part of the expenses incurred for the purchase of electricity, provided by the Cassa per i Servizi Energetici e Ambientali (CSEA) for 12.7 million euros.

The Parent Company's gross debt as at December 31, 2023 consisted of EUR 139,403,000 due within the next financial year and EUR 253,083,000 due beyond the following year, for a total of EUR 392,486,000. For more details, see the Notes to the Accounts of the Parent Company SMAT S.p.A.

The current net financial payables of the Parent Company as at December 31, 2023 presents a balance of EUR -29.266 million, versus EUR 103.560 million of the previous fiscal year. This change is basically the result of the classification under current financial liabilities of the nominal value of bonds in the amount of EUR 135,000 thousand with an original maturity date of April 13, 2024, as at the balance sheet date the transactions to extend this term were still in progress. The Bondholders' Meeting of March 14, 2024 resolved to approve the extension of the maturity date to April 13, 2029 and following the exercise of the put option by some bondholders, on April 15, 2024 (being April 13, 2024 a non-working day) the amount of 45,000 thousand euros was redeemed.

The situation of the Group is substantially similar: the net financial position to December 31, 2023 amounts to -281,041 kEUR versus the -240,830 kEUR of the previous fiscal year.

The difference versus the results of the Parent Company is mainly determined by the liquidity of subsidiary AIDA Ambiente.

FINANCIAL RISKS

Below you will find comments regarding the financial risks for which the group business is exposed, and the hedges provided where needed.

Liquidity risk

The financial activity is, for the most part, managed separately by each company of the Group with autonomous management of the financial flows and current accounts in banks utilized for collection and payment operations, as well as negotiations with the banking system for collection and payment transactions. Starting in fiscal year 2015, a cash-pooling system was activated between the Parent Company and its subsidiary Risorse Idriche S.p.A. to optimize the liquid assets management and the associated financial charges through a greater integration of the control by the Parent Company.

The Parent Company continuously monitors the financial situation in order to pursue the balance, including through the optimization of the working capital management, between the maintenance of funding and financial flexibility. In the United Kingdom, for example, there is a tendency to exclude the use of short-term bank loans, overdrafts and the financing of hot money.

Guarantees and covenants on the debt

The composition and conditions of the loans are itemized in the Notes to the Accounts in the comment on the financial liabilities.

As at 12/31/2023 the financial position of the Group and of the Company is represented by loans that involve clauses — in line with international procedures — that forbid some operations.

Amongst them, the commitment to not grant future financiers any burden on any own assets (negative covenant) and the commitment to treat the obligations undertaken on equal terms with all other present and future obligations (equal pace).

Financial covenants are provided, as better detailed in the Notes to the Consolidated Accounts and — in cases of noncompliance with even only one of the aforementioned financial parameters — the lending institutions have the right to terminate the agreement early.

Interest rate risk

The Group is not exposed to the risk of increasing fluctuations in interest rates resulting from financial debt. As at December 31, 2023, the medium-to-long-term fundings were 100.00% fixed rate.

The Parent Company adopted the strategy of limiting exposure to the risk of rising interest rates through preferential access to financing issued by the European Investment Bank. In consideration of their duration and rates lower than market standards, the parent company obtained medium-long-term financing in euros at a fixed rate.

Exchange rate risk

The Group is not exposed to the exchange rate risk and — consequently — as at the date of December 31, 2023, does not detain any financial derivative instruments to cover the exchange rate risk.

New Corporate Crisis and Insolvency Code

Pursuant to art. 26(5) of Legislative Decree 175/2016, SMAT S.p.A. is not subject to the provisions set out in art. 6(2) of the Decree.

The Board of Directors evaluated the organisation, administrative and accounting structures according to art. 2086 of the Italian Civil Code in terms of the measures as per art 3 of the Corporate Crisis and Insolvency Decree (Legislative Decree no. 14 of January 12, 2019 as subsequently amended) and found them suitable to detect the state of crisis in a timely manner in order to take the necessary initiatives to address a crisis without delay.

All parameters are complied with from the perspective of business continuity in the medium to long run.

Rating

On June 26, 2015 Standard & Poor's granted the Company the "BBB" rating level ("A+" for SMAT S.p.A. stand-alone).

Subsequently, Standard & Poor's released the following Rating Actions:

- On June 28, 2016, it confirmed Corporate Credit Rating "BBB" on the long term and the steady outlook;
- On February 13, 2017, it confirmed Corporate Credit Rating "BBB" on the long term and the steady outlook, and it allocated preliminary rating "BBB" to the planned issue of bonds;
- On April 5, 2017, it confirmed corporate credit rating "BBB" on the long term, revising the outlook from steady to negative, only as a function of the revision of the outlook on the Municipality of Turin, and it confirmed preliminary rating "BBB" to the planned issue of bonds;
- On April 11, 2017, it confirmed rating "BBB" for the issue of bonds;
- On November 2, 2017 it lowered the rating (Corporate Credit Rating and Senior Unsecured) to "BBB-" in relation to the uncertainties in the long-term regarding the uncertainties on the long term financial strategy caused by the proposal of the City of Turin to transform the company into a non-profit consortium, confirming the negative outlook and bringing the stand-alone credit profile to "bbb-";
- On November 26, 2018 the rating "BBB-" was confirmed;
- On November 27, 2019 the rating "BBB-" was confirmed, the outlook shifted from negative to positive and the stand-alone credit profile stayed "bbb+";

- On November 24, 2020 the rating was upgraded from “BBB-“ to “BBB” with a stable outlook;
- On January 4, 2022 the rating “BBB-“ was confirmed with a stable outlook ”;
- On November 29, 2022, Standard & Poor’s raised the company’s Issuer Credit Rating and Senior Unsecured rating from “BBB“ to “BBB+” with “stable” outlook, and revised the company’s stand-alone credit profile from “bbb+” to “a-“. The rating agency also upgraded SMAT’s Environmental, Social and Governance (ESG) indices to E-2, S-2, G-2 (from G-3) on account of the improvement in the appraisal of the company’s Governance and Risk Management in a particularly challenging period.

On June 13, 2023, it confirmed the Issuer Credit and Senior Unsecured Ratings from “BBB“ to “BBB+” with stable outlook, and revised the company’s stand-alone credit profile from “a-“ to “a“.

The rating report dated December 6, 2023 maintained the aforementioned assessment.

OTHER RISKS

Cyber risks

Cyber risks arise from potential events relating to loss of confidentiality, integrity of availability of data or information that may have negative impacts on the organisation, persons, operations or other organisations; cyber risks are defined as the set of internal and external threats that can compromise company continuity or cause civil liability damages to third parties in the event of loss or disclosure of sensitive data.

From an internal viewpoint, cyber risks are strictly correlated with the activities of the company, which manages network infrastructure and systems, also through remote control, and operates accounting and invoicing management systems. Problems relating to the surveillance and acquisition of data concerning physical systems could cause system downtime and even serious collateral damage. A breakdown of the invoicing systems could also cause delays in issuing the bills and collecting the relative amounts, as well as have a negative impact on corporate image.

Based on cyber risk assessments carried out according to some of the most advanced methods, regulations and directives, the company’s “cyber posture” was defined, and a process was started to improve the security measures for the protection of company infrastructure and information, which began with the definition of specific behaviour and operational policies.

Specific measures were taken to mitigate the risks detected, including redundancy measures, high reliability systems and ad hoc emergency procedures, which undergo periodic simulation tests to verify their efficacy. Targeted projects were implemented to increase resilience to external attacks, reduce possible attack targets and enhance the protection of infrastructure and data/information.

All this made it possible to strengthen the barriers against external attacks by means of firewall and email protection systems, redundancy of data saving systems, network segregation and communication encryption, as well as by reducing access permits, protecting company equipment, and strengthening authentication processes through multi-factor systems. These protection and security systems were connected to a security information and event management tool with the aim of correlating the detected events in order to intercept potential security threats. The management of the related alarms is entrusted to a security operations team with the aim of continuous monitoring, response and prevention of threats by coordinating IT security technologies.

Ongoing training programmes and raising awareness about residual risks to the users, also by means of cross-functional activities, complete the range of activities carried out on potential corporate attack targets. Ongoing assessments and audits have been activated in order to keep the protective measures up-to-date and to ensure that the residual risk tolerated remains limited.

Climate change risks

As described in detail in the Non-Financial Report, the measures taken to achieve the goal of limiting global warming cannot be successful without a sustainable management of water resources that reduces carbon emissions and, at the same time, enables society to adapt to climate change by promoting the resilience of territories and ecosystems.

The parent company has carried out an assessment of the risks posed by climate change, which include the risks arising from the transition to a low GHG emission economy (transition risks) and risks of a physical nature (physical risks) that may arise from extreme weather and climate events (acute risks) or from medium- to long-term changes (chronic risks), assessing possible impacts also in relation to the taxonomic activities concerned.

Physical risks are assessed through a solid assessment of climate risk and vulnerability, which is proportional to the scope and expected duration of the activity, by making use of climate projections on the smallest possible scale for activities lasting less than 10 years and advanced climate projections at the highest resolution available in the existing set of future scenarios for all the other activities.

As for the assessment of climate-related hazards on groundwater recharge, SMAT has enhanced a project completed in 2019 “Study of climate change impacts on groundwater bodies for drinking water supply in the Turin area”. The results of the project were described in a recent scientific paper subjected to peer review (Brussolo et al., 2022, Aquifer recharge in the Piedmont Alpine zone: historical trends and future scenarios, <https://doi.org/10.5194/hess-26-407-2022>), which formulates an initial climate risk analysis for two of the activities that are part of SMAT’s core business, and namely, “Construction, extension and management of water collection, treatment and supply systems” and “Renewal of water collection, treatment and distribution systems”. Moreover, in 2022, the parent company started a project conducted in collaboration by the SMAT Research Centre and the Euro-Mediterranean Centre on Climate Change (CMCC) with the aim to identify the climate-related hazards its activities are exposed to by analysing climate variability at local level in the recent past (reference period: 1981-2010) and expected variability due to the effects of climate change of anthropogenic nature, based on various IPCC scenarios (<https://www.ipcc.ch/>), for the Metropolitan City of Turin.

The analyses were conducted by making use of high spatial resolution (ca. 10-12 km) climate datasets available at European level. In detail climate analysis for the reference period 1981-2010 was considered, using the dataset of E-OBS observations and the expected climate variations over the same period, the thirty-year period centred on 2035 (2021-2050) and the thirty-year period centred on 2050 (2036-2065). The expected variations were obtained from a set of regional climate models available within the EURO-CORDEX programme. These time spans were chosen in consideration of the lifecycles of SMAT’s activities (coincident with the duration of the concession) and the alignment of climate scenario analyses according to the guidelines of the National Climate Change Adaptation Plan (NCCAP), approved on December 21, 2023 (Ministerial Decree No. 434) after undergoing SEA procedure concluded on August 4, 2023 (Ministerial Decree No. 256). Three different emission scenarios, as defined by the Intergovernmental Panel on Climate Change were considered: - RCP8.5 “Business as usual”, RCP4.5 “Strong mitigation”, RCP2.6 “Aggressive mitigation” -

The expected climate changes compared to the reference period are reported through the use of climate indicators that represent specific characteristics (average and extreme) of the climate.

In 2023, SMAT’s Climate Change Adaptation Strategy was defined, followed by the drafting of the first version of the Climate Change Adaptation Plan.

In particular, the SMAT Adaptation Strategy is part of the international, national, regional and local panorama of scientifically supported actions that are implemented to combat and adapt to the climate crisis and is guided by three main lines to increase the resilience of the service and the reference territory:

- the increase in adaptive capacity, i.e. the set of resources that can be used to deal with the consequences of a change;
- the reduction of vulnerability, i.e. the propensity of the natural environment and the socio-economic system to be negatively influenced by climate change;
- the decrease in the exposure of SMAT assets to climate risk.

In this first draft of the Strategy and Plan for Adaptation to Climate Change, some priority climate dangers for the territory and the SMAT reference service were identified, namely:

- fires;
- hydrogeological instability (superficial landslides, debris flows, collapses);
- floods;
- extreme precipitation events;
- drought;
- temperature increase;
- heat waves.

The Adaptation Strategy included analysing the adaptation challenges of the main sectors in which SMAT operates, with specific reference to the main economic activities of SMAT eligible for reporting within the EU Taxonomy framework.

For each of the sectors considered, detailed sheets were drawn up in relation to the priority climate dangers considered, the strategic axes of intervention to be pursued to achieve the management objectives of adaptation were defined (divided into cognitive, dissemination and awareness-raising actions, practical actions and institutional, regulatory and financial interventions), the Adaptation Governance and the stages for implementing the Strategy was described.

In this context, the implementation of the corporate strategy required the definition of a Climate Change Adaptation Plan, which included:

- the climate risk assessment for the priority climate hazards identified in the Adaptation Strategy;
- the identification of priority transversal challenges for the Integrated Water Service managed by SMAT;
- the identification of areas and assets at greatest and least risk;
- a catalogue of good practices, procedures and pilot actions already implemented and/or ongoing;
- a catalogue of procedural measures and actions that can be implemented in the coming years, indicating priorities and feasibility (consistent with the contents of the National Plan for Adaptation to Climate Change);
- the methods of periodic updating based on the results pursued and the evolution of scientific knowledge and higher-level strategies;

As regards the identified measures, in the drafting of the first version of the SMAT Climate Change Adaptation Plan, mainly soft adaptation actions are identified, which contribute to the creation of adaptation capacity through greater knowledge of the dangers, to the development of a favourable organisational and risk management context and which act directly on response capacity, such as:

- corporate information and training actions on climate change;
- development of organisational and participatory processes;
- governance tools;
- monitoring activities;
- Early Warning Systems;
- research activities;
- procedural risk management actions;
- emergency planning.

Finally, for some infrastructural damage linked to dangers such as floods, hydrogeological instability, and fires, insurance coverage is also considered an adaptation action, which the EU includes as a climate risk management tool.

For the climate dangers identified, even where the overlap between danger and physical vulnerability outline areas at high risk, the procedures already in place for risk management and the drafting of the Strategy and Plan for Adaptation to Climate Change made it possible to identify classes of levels of risk between low and medium and to be able to assess the DNSH criterion as satisfied with respect to the objective of adaptation to climate change for all the activities reported in the taxonomic notice.

As for the transition risks identified, the most severe are of a political-legal nature.

One of the transition risks identified is posed by the probable adoption of more stringent regulations on the quality of treated water, the adequacy of the sewerage system and the energy independence of water treatment systems, with the ensuing increase in the costs to be incurred to adapt the systems, as well as a possible increase in mandatory reports on performance indicators. Mitigation strategy is based on preventive analyses of the efficiency of waste water treatments with respect to environmental policies providing for more stringent requirements in terms of chemical-physical parameters of the wastewater treated, the modelling and optimisation of the treatment processes, technological scouting and a careful planning of adaptation investments, to include investments in systems for the self-generation of energy from renewable sources.

Another transition risk identified arises from the possible tightening of the Emission Trading System Regulation, which entails a possible increase in costs for offsetting "unavoidable" emissions (e.g., those from the water treatment process) in order to achieve the carbon neutrality goal in line with the European Green Deal timeline. Since 2019, SMAT has been monitoring (direct and indirect) CO₂-equivalent emissions in order to identify actions to continuously reduce emissions. Technological innovation and the evaluation of revamping investments constitute the primary strategic approach to the climate neutrality goal.

On the other hand, the statutory provisions designed to promote sustainable financing provide an interesting opportunity to finance the Investment Plan (more than 90% of which is linked to potentially eco-sustainable activities pursuant to the technical evaluation criteria established by the European Taxonomy) at economically advantageous conditions for the subscription of financial instruments, subject to the achievement of sustainability goals.

Greater opportunities also exist to access capital through sustainable financing instruments, such as Green Bonds, EIB loans, Sustainability-linked loans by Hydro, Sustainability-linked revolving credit facilities. Constant monitoring of available regulations and sustainable financing initiatives, as well as the definition of an investment classification system based on the criteria of the European Taxonomy, and relationships with the financial

markets are indispensable measures to be able to take full advantage of the opportunities offered by the financial markets.

The gradual enhancement of the regulatory framework that governs and promotes the recovery of water, energy and materials, from the perspective of a circular economy (considered indispensable for the mitigation of climate change), can be an opportunity for a company such as SMAT, in terms of increased revenues and reduced costs for the disposal of sewage sludge.

In this connection, research and innovation for the optimisation of recovery processes are key activities.

Thanks to the ongoing scouting activities carried out by the Research Centre, the company is in a position to benefit from the widespread presence on the market of innovative and integrated technological solutions, such as those for a more efficiency use of energy, which constitute an indispensable opportunity for reducing production costs.

Climate change influenced the decision to extend the scope of SMAT's activities as a water system operator to the management of infrastructure dedicated to the disposal of stormwater, with the approval of the Area Plan with Resolution 598 of April 29, 2016.

However, from the first stage of the analysis no risks emerged that, with reference of the probability of occurrence with the time frame of the industrial plan, could determine the need for writing down the Group's assets. A reassurance from an economic point of view with respect to the impact of climate risks stems from the fact that SMAT operates in a regulated sector, where the residual economic value of any infrastructure built is recognised at the end of the concession thus shielding it from the risk of fluctuations in demand.

Furthermore, the new tariff method approved by ARERA for the fourth regulatory period foresees an extension of the approach already adopted in MTI-3 to enhance interventions for energy and environmental sustainability and resilience in the face of Climate Change, through the introduction of two reward factors linked to the recycling of purified water and energy saving. It also specifies further categories of assets relating to large and small dams which, together with those attributable to the management of rainwater (lamination and first rain tanks) and the others associated with the new macro indicator "*MO - Water resilience*", can represent part of the essential infrastructure to mitigate the effect of climate change and to guarantee the resilience of water plants.

The Group launched a number of initiatives with the aim to mitigate the effects of climate change and, at the same time, reduce its carbon footprint.

Among the main mitigation and adaptation activities we should mention specific investments in the growing role of renewable energy generation systems, such as the investment realised in biomethane production plants, the choice of renewable electricity to power their business, the development of projects for the integration and partial replacement of existing water sources, as well as in the construction of interconnections between them in order to be able to cope with emergencies within the 2030 time horizon, intervention for the "districtualisation" of water distribution network and water leaking monitoring systems, agreements and investments for the reuse of treated wastewater..

F. SIGNIFICANT EVENTS DURING FISCAL YEAR 2023

F1. Evolution of the geopolitical context and economic trend

In 2023 the economy continued the trend of a slowdown in GDP growth already noted the previous year, due to the restrictive monetary policies adopted by the European Central Bank, aimed at containing the inflationary pressures induced by the current complex geopolitical framework - marked by conflicts in Ukraine and, more recently, in the Middle East – and characterised by the limited availability of raw materials.

The decline in prices recorded in the first six months of the year was reversed starting from the third quarter. The main elements behind the autumn increases are to be found in the outbreak of the Israel-Hamas conflict in a strategic area for global crude oil trade.

Interventions by the government put in place until the first half of 2023, the recognition of additional component of a predictive nature envisaged by the tariff method, and the energy-saving actions implemented during the last three months of the year made it possible to partially contain the effects of the growth trend in the cost of electricity.

Compared to the last financial year, the cost exceeded 50 million euros and recorded an increase of approximately 6.6 million euros, as a consequence of the increase in the average green tariff of +0.03377 €/kWh despite the reduction in consumption for over 6 million kWh.

The growth dynamics of the cost of energy were affected over the years by the effects of the pandemic and the Russian-Ukrainian conflict, resulting in a significant increase already in the 2022 financial year compared to 2021 in which SMAT and the members of the Utility Alliance Network managed to obtain supplies under a fixed price regime and at values lower than the sector averages. The cost increase in 2023 also derived from the necessary transition from the fixed price to the variable one plus spread, as due to the extreme volatility of the energy market, the major suppliers/traders of energy products did not make themselves available to participate in fixed price tenders.

The further measures introduced by ARERA during the fourth regulatory period 2024-2029 (MTI-4) will incentivize managers to promote actions aimed at increasing the energy efficiency of the various water service chains, through investments - currently still not sufficient enough - aimed not only at reducing energy consumption, but above all to increase the energy autonomy of the sector, for example: increasing the share of needs guaranteed by self-production from renewable sources, integrating photovoltaic energy production and recovering energy from sewage sludge.

The company will continue to constantly assess risks and indirect consequences on its operations.

F2. Price revision on contracts

The institution of price revision has undergone several changes over time, deriving from the need to temper the principle of the unchangeability of the fees in public procurement contracts with respect to the needs of the economic operators to adjust the fees and rebalance the contract as a consequence of unusual market price fluctuations.

The previous code of public contracts referred to in Legislative Decree No. 50 of 2006, in article 106, made the inclusion of price revision clauses in the tender documents optional, but only on condition that the modification of the contract during its period of effectiveness did not alter the conditions of the tender; otherwise, a new award procedure had to be carried out.

In the wake of the pandemic crisis and the sharp rise in the costs of energy and raw materials due to the war in Ukraine, the code was reintroduced with numerous special regulations (mostly contained in the emergency decree and in the latest annual laws budget). The result is a legislative tangle that is not easy to read and, above all, characterised by a temporary nature and poor overall coherence, which is summarised below:

- Art. 29(1) letter a) of Legislative Decree no. 4 of January 27, 2022 (the so-called “*Support-ter Decree*”), converted into law no. 25, of March 28, 2022, concerning calls for bids and invitations to tender sent as from the date of entry into force of the same degree, which provides for:
 - The obligation to include the price revision clause in all work, service and supply contracts;
 - The compensation for construction materials price variations of more than 5%, effective 2023, and only for 80% of the difference;
- Art. 7, paragraphs 2-ter and 2-quarter, of Law no. 79 of June 29, 2022 converting, with amendments, Legislative Decree no. 36 of April 30, 2022 (the so-called “*NRRP 2 Decree*”). Paragraph 2-ter makes it possible to manage price increases during contract execution through a variation during construction pursuant to article 106(1) letter c) of Legislative Decree 50/2016. Essentially, changes resulting in significant

changes in the cost of materials are recognised as changes to contracts during execution. Moreover, paragraph 2-quarter stipulates that, without new or increased burdens on public finance, the contracting station or the successful bidder may propose a variant during construction that ensures savings to be used to offset the increase in the cost of materials;

- Art. 26, paragraphs 2 and 3, of Legislative Decree no. 50 of May 17, 2022 (the so-called “Aid Decree”) on the update of the price list and the application thereof to the works recognised in the accounts in 2022 (for bids submitted by December 31, 2021). Regional price lists issued in July 2022 apply to projects approved by 31 March 2023;
- Art. 1, paragraphs 369-379, of Law no. 197 of 2022 (2023 Finance Bill), extends the application of the “Aid Decree” to 2023 and provides for the issuing of new regional price lists by March 2023 to be applied to all new procedures;
- Art. 1, paragraphs 304 of Law no. 213 of 2023 (2024 Finance Bill), further extends of the price adjustment mechanism provided for in Art. 26 of the Aid Decree” (L.D. no. 50 of May 17, 2022, converted by Law No. 91/2022 and amended by Law No. 197/2022) also to works performed in the year 2024.

The new code of public contracts referred to in Legislative Decree 36/2023, in implementation of the provisions of article 1, c.2, letter g) of the delegated law, therefore introduced a new mandatory price review regime, the rules of which can be found in article 60 of the code, applicable to contracts whose tenders were published after July 1, 2023.

This rule foresees that the inclusion of price revision clauses is mandatory in the tender documents of the procedures, to be activated upon the occurrence of particular conditions of an objective nature, which determine a change in the cost of the work, the supply or the service, increase or decrease, exceeding 5 per cent of the total amount and operating to the extent of 80 per cent of the change, in relation to the services to be carried out.

For the functioning of the revision mechanism, the use of synthetic construction cost indices developed by ISTAT (National Institute of Statistics) is foreseen. The cost indices are published, together with the related method of calculation, on the institutional portal of ISTAT. With a provision adopted by MIT (Ministry of Infrastructure and Transport), after consulting ISTAT, any further categories of indices or further typological or product specifications of the categories of indices identified within the indices already produced by ISTAT are identified.

It should be underlined that the review can concern, by express provision of law, any type of public contract (be it for works, services or supplies) and even works in reduction (therefore, in favour of the client).

To deal with the increased costs resulting from the price revision, the contracting Authorities can draw on:

- within the limit of 50%, from the resources set aside for unforeseen events in the economic framework of the intervention, and from the resources allocated in favour of the intervention itself;
- from the sums deriving from auction reductions, unless a different destination has been foreseen;
- from the residual sums available from other interventions within the competence of the same contracting authority, and provided that for such other interventions, the tests have already been carried out or the certificates of regular execution have been issued.

F3. 2023 Rates

Following the update of the Rates Budget for the 2022-2023 three-year period (MTI-3) as detailed further on, the rates applied in 2023 increased by 8.4% over 2022, in accordance with the communication from the Ente d’Ambito (Area Agency) received on 12/09/2022, and supplemented on 06/09/2023, on collection and treatment rates for wastewater that can be discharged into public sewers as per Title 4 of Annex A to the Integrated Text for Water Services Charges (ICTSI).

For households in hardship conditions because of the persisting negative economic conditions, the rate reduction is confirmed with the criteria and amounts define by deliberations 897/2017/R/IDR of 12/21/2017.

Furthermore, upon request of the Municipalities, on the grounds of the high social value represented by the municipal and provincial users, which concerns - amongst others - schools, canteens and public fountains, in 2023 a 50% reduction of the Integrated Water Service rate was applied to said users, so that they could continue delivering the aforementioned services and were also involved and encouraged to invest and pay greater attention and deploy resources in favour of the environmental policies, to safeguard of the territory and recover degraded areas. The subsequent lower rate revenues shall not be the subject of adjustment on the water service rate.

Rate updates for the 2022 – 2023 two-year period

With resolution 639/2021/R/IDR of December 30, 2021, ARERA approved the criteria for the two-yearly update (2022-2023) of the integrated water service rates for the third regulatory period, as reviewed with resolution 229/2022/R/IDR, which provided for urgent measures for the raising of the resources necessary to cover part of the expenses incurred for the purchase of electric energy.

On 3 November 2022, with resolution no. 825, Turin Area Authority no. 3 approved the 2022-2023 Programme of Interventions and the 2022-2027 Plan of Strategic Works, as well as the rate update proposal for 2022 and 2023.

With resolution 639/2022/R/IDR of November 29, 2022, ARERA approved the rate's update criteria for the two-yearly update (2022-2023) of the integrated water service.

Fee Structure (TICSI)

On January 1, 2022, the pro-capita criterion was adopted for domestic users on the basis of Article 3 of Annex A to resolution no. 665/2017/R/IDR on the "Approval of the Integrated Text for Water Service Charges (TICSI)". The application that took place in 2022 using the standard per capita criterion is being updated and improved, in agreement with the local Government Body, by sending a communication to the condominium administrators intended for "indirect users" and aimed at detecting the actual number of family members for each domestic housing unit.

Hidden losses

Implementing the provisions of ARERA resolution no. 609/2021/R/IDR on the issue of hidden losses, with ATO Resolution no. 823 of 11/03/2022, the amendments to the Service Charter were approved, which included, inter alia, the definition of the minimum safeguards provided for in the event of hidden losses, such as the application, to the entire extra consumption, of a water service rate equal to half the basic rate provided for by the contractual profile in place, and the exemption, for said extra consumption, from the charges for sewerage and water treatment services.

In addition to this more favourable procedure compared to the previous one, users can join the SMAT Card service, an insurance card that protects users from unexpected expenses resulting from breakages in their home's water system. The cost of this card has been halved while maintaining the same guarantees and services.

The SMAT Card service, which the company made operational in 2003, ensures the reimbursement of high consumption resulting from hidden leaks after the meter and the free intervention of a plumber in the event of flooding caused by the rupture of an internal pipe for the first emergency interventions.

In fact, the SMAT Card also guarantees a 24-hour assistance service with a plumber's intervention in the event of flooding. Membership of the SMAT Card service, therefore, offers dual insurance coverage: one that compensates post-metre consumption surpluses of up to 20,000 euros for each individual accident and the other that helps cope with prompt interventions in case of emergencies.

Water bonus (TIBSI)

With resolution n 13/2023/r/com passed on ARERA January 24, 2023 "Updating of the ISEE threshold values for access to the social electric, gas and water bonuses for economic hardship, and modification of the facilitation classes as at January 1, 2023", the Authority implemented the regulatory provisions set forth in Law no. 197 of December 29, 2022 (2023 Finance Bill) and consistently with the decree of the Minister of Economic Development of December 29, 2016, and updated the ISEE threshold values for access to the social bonuses as at January 1, 2023.

With the Resolution of December 28, 2023, No. 622/2023/R/com, "Review of the methods for updating social bonuses and amendments to resolution 63/2021/R/com", the amendments and additions to Annex C of resolution 63/2021/R/com were implemented.

Based on the information made available by Sole Purchaser the amounts are as follows:

- year 2021 - no. of files 86,916 for an amount of EUR 6,951,186.58
- year 2022 - no. of files 126,552 for an amount of EUR 8,172,796.85
- year 2023 - no. of files 135,697 for an amount of EUR 9,001,913.23,

of which users collected over 16 million euros; over 7 million euros were repaid due to failure to collect by users and approximately 0.8 million euros are to be paid out in 2024 (for the municipalities of Alpignano, Bruzolo and Traves).

F4. The Industrial Plan 4.0

The Shareholders' Meeting held on June 26, 2020 approved the new Industrial Plan 4.0 (2020-2024) resolved on by the Board of Directors on February 26, 2020, prior to the outbreak of the health emergency.

Focus on the deviations from the PI 4.0

The differences between the actual results and the forecast in the Industrial Plan for 2023 may be summarised by looking at the following company's main economic and financial figures:

<i>SMAT: SUMMARY OF THE Results IN FIGURES</i>	Financial state- ments as at 12/31/2023	PI 4.0 2023	Absolute Variation	Variation %
ECONOMIC DATA				
Total Revenues	502,206	428,566	73,640	17.18%
Gross operating margin	147,568	122,720	24,848	20.25%
Operating income (EBIT)	52,381	47,240	5,141	10.88%
Net profit (loss)	41,451	31,280	10,171	32.52%
EQUITY DATA				
Net fixed assets	1,034,274	995,768	38,506	3.87%
Net equity	761,137	753,246	7,891	1.05%
Gross financial debt	(392,486)	(286,644)	(105,842)	36.92%
Net financial position	(282,349)	(251,445)	(30,904)	12.29%
OTHER DATA				
Investments	161,964	98,956	63,008	63.67%
Amortization	82,823	72,180	10,643	14.75%
WORKFORCE				
	1,041	1,089	(48)	-4.41%
ECONOMIC/EQUITY INDICATORS				
Gross Borrowing Need /Net Equity	0.52	0.38	0.14	
Gross Borrowing Need/MOL	2.66	2.34	0.32	
EBITDA/Financial expenses	19.05	14.24	4.81	
ROI	3.62%	3.70%	-0.08 p.p.	
ROE	5.45%	4.15%	1.3 p.p.	
ROS	14.12%	14.33%	-0.21 p.p.	
Net financial Position/Net Equity ≤ 1	0.37	0.33	0.04	
Net financial position/MOL (EBIT+Amortization) ≤ 5	2.09	2.11	-0.02	
Gross financial debt/ MOL (EBIT+Depreciation) $\leq 4,5$	2.90	2.40	0.50	
MOL (EBIT+Depreciation)/Net Financial expense > 5	-63.43	25.90	-89.33	
Net fixed assets/Gross financial debt $\geq 1,30$	2.62	3.45	-0.83	

Amounts in ,000 Euros	Financial Statement 2023	PI 4.0 2023	Absolute Variation	Variation %
Revenues	370,990	329,750	41,240	12.51%
Revenues for planning and construction activities	107,102	90,046	17,056	18.94%
Other revenues	24,114	8,770	15,344	174.96%
Total Revenues	502,206	428,566	73,640	17.18%
Consumption of raw materials and consumables	(18,936)	(13,610)	(5,326)	39.13%
Costs for leased assets and services	(146,182)	(119,760)	(26,422)	22.06%
Payroll costs	(61,479)	(64,570)	3,091	-4.79%
Other operating expenses	(24,904)	(20,860)	(4,044)	19.39%
Costs for planning and construction activities	(103,137)	(87,046)	(16,091)	18.49%
Total operating expenses	(354,638)	(305,846)	(48,792)	15.95%
Gross operating margin	147,568	122,720	24,848	20.25%
Depreciation, provisions and write-downs	(95,187)	(75,480)	(19,707)	26.11%
Operating income (EBIT)	52,381	47,240	5,141	10.88%
Total financial management	2,132	(4,610)	6,742	-146.25%
Result before taxes	54,512	42,630	11,882	27.87%
Income Taxes	(13,061)	(11,350)	(1,711)	15.07%
Net Profit/(loss) for the year	41,451	31,280	10,171	32.52%

Notwithstanding the pre-existing actors linked to the emergency period, compounded by the international geopolitical crisis that has triggered an acceleration in the prices of energy, raw materials and services, now at exceptionally high levels, the FY 2023 shows significantly better results than the 2023 forecasts of Industrial Plan 4.0 to be met. In particular, they highlight:

- ✓ Revenues, consisting of Revenues from rates and Other revenues, increased overall. Compared to the estimates IP 4.0, revenues from rates recorded an increase offset by a reduction in average volumes of about 13.4 mcm (163.84 mcm vs. 176.8 mcm): for *Other revenues*, notable is the increase deriving in particular from the sale of energy products, from the bonuses for the quality of the service arranged by ARERA and from the revenues for industrial aqueducts and others mitigated by the reduction in ancillary revenues from users, work on behalf of third parties and disposals and treatments;
- ✓ Revenues from design and construction activities (as well as the related costs) whose change is a consequence of the greater investments made;
- ✓ Other revenues from operations mostly increased due to the effect of Operating Contribution essentially arising from the incentives for the production of biomethane and the tax credit for electricity and gas and the granting of Contributions for plants;
- ✓ Consumption of raw materials and consumables whose change is a consequence of the increase in the prices of materials, in particular those relating to chemical products;
- ✓ Costs for services and use of goods whose increase is mainly attributable to the costs of Electricity, which rose from 35 to 50 million euros as a result of the energy crisis, and also to the costs of Maintenance, Industrial Services (among which gas utilities and sludge transport and disposal are quite evident) and administrative and general services (including bank charges for disbursement of the social Bonus, postal charges offset by lower insurance costs); the fees to local authorities also increased (based on the communications received from ATO3) the Fees and passive services;
- ✓ Payroll costs decreased due to staff turnover in previous years following the accessions to expansion contracts;
- ✓ Operating costs increased, in particular due to contingent liabilities and allocations to provisions for liabilities;
- ✓ Depreciation/amortisation expenses and write-downs increased overall. The significant increase in depreciation expenses, of EUR 10,643,000 (EUR 82,823,000 from EUR 72,180,000) was due to the much greater number of works completed than in previous years and new assets in operation at the end of 2023. The increase in bad debt provision, of EUR 9,064,000 (12,364,000 from 3,300,000) was due to the application

of the new accounting standard IFRS 9 which takes into account expected losses based on information available;

- ✓ Positive financial management due to the effect of interest on liquidity and late payment interest from users (following the update of the ECB's Single Reference Rate) and due to lower interest on new loans following contracts at particularly advantageous fixed rates and without guarantee fees.

In conclusion, an improvement in MOL (+20.25%) was observed, evidencing how management efficiency and efficacy made it possible to improve the planned profit for the year of more than EUR 10 million.

The economic and financial indicators show values that confirm the strength of the Company, and all the agreements entered into in connection with existing loans are being complied with.

F5. Equalization rate components

In 2013, AEEGSI (now ARERA) instituted the first equalisation rate component applied as a surcharge to water, sewerage and wastewater treatment charges.

To date, the equalisation components established are as follows:

Objective	Component	cent/m3	Reference	Effective date	Remarks
Rate component for for earthquake victims	UI1	0.6	art. 24 Delib. 6/2013	2014 (0.4)	(From 07/01/2023)
			art. 11 Delib. 267/2023	2023 (0.6)	
IWS quality promotion	UI2	0.9	art. 9 Delib. 918/2017	2018	
Social water bonus	UI3	1.79	art. 10 Delib. 918/2017 art. 12 Delib. 639/2021	2018 (0.5) 2022 (1.79)	Before 2020 only on aqueduct service Since 2020 on the 3 services
Water works guarantee fund	UI4	0.0	art. 30 Delib. 580/2019	2020 (0.4)	(From 07/01/2023)
			Delib. 239/2023	2023 (0.0)	
Allocation instrument	QI	0.3	art. 17 Delib 580/2019	2020	

With resolution no. 239/2023/R/idr of 05/30/2023, ARERA updated the value of the UI4 equalization component to 0.0 EUR cents/cubic metre taking effect from 07/01/2023.

With resolution no. 267/2023/R/idr of 06/13/2023, ARERA updated the value of the UI1 equalization component to 0.6 EUR cents/cubic metre taking effect from 07/01/2023.

With resolution 639/2023/R/idr, ARERA approved the regulatory scheme setting out the rate provisions for the 2024-2029 period, providing for the application in the water supply bills of the allocation instrument "efficiency recovery quota" as per art. 18.3 of Annex A to be paid into the account set up at CSEA (Energy and Environmental Services Fund) to support innovation in water supply. With Newsletter no. 15/2024/IDR of 03/22/2024, the CSEA regulated the methods of compliance, requesting to maintain the application on consumption starting from 01/01/2024 of the approved rate for the yearly amount for 2023, therefore equal to 0.003 euros per cubic metre invoiced for each managed segment.

F6. Update of the technical quality regulations (RQTI)

With resolution 825 of November 03, 2022 together with the rates approval, Turin ATO 3 approved the quality goals for the 2022-2023 two-year period.

By resolution no. 440 of October 3, 2023 ARERA started the procedure for updating the Regulation of the technical quality of the integrated water service (RQTI), concluded with ARERA Resolution No. 637 of December 28, 2023, "Updating of the regulation of the technical quality of the integrated water service or each of the single services therein (RQTI), as well as amendments to Annex A to the resolution 586/2012/r/idr and Annex A to the resolution 655/2015/R/IDR (RQSII)".

This resolution standardizes the number of classes of the 6 macro-indicators and redefines the related improvement objectives, introducing a new macro-indicator 'MO-water resilience', aimed at the mitigation of critical issues related to climate change and the water resilience of the area managed.

The main purpose of the indicator is to monitor the expected effectiveness of the water supply system in satisfying water demand in the managed territory, also considering non-civil uses of water. To address the

challenges related to the availability of data, the definition of the relevant territory and the need for cooperative planning, the new resolution introduced an evolutionary and binary approach. In particular, two quantities were identified: M0a, starting from 2024, which relates water consumption and availability to the level of management of the integrated water service, and M0b, which considers the different uses of water, at the level of overall water availability of the territory.

F7. Sunshine regulation

The integrated water service quality is monitored by ARERA for both contractual and technical indicators. With resolution no. 476/2023/R/IDR of October 17, 2023 the final finding of the integrated water service contractual quality incentive mechanism (RQSII) has been published for 2022-2023 period.

Overall, from the attainment of the objectives set by ARERA, SMAT obtained rewards of around EUR 360 million which was recognised in the year under review.

With resolution dated 6 February 2024 no. 37/2024/R/IDR, the procedure was initiated for the quantitative assessments, relating to the two-year period 2022-2023, foreseen by the incentive mechanism for the contractual quality of the integrated water service, referred to in Title XIII of Annex A to the resolution of the authority 655/2015/R/IDR (RQSII).

With resolution no. 477/2023/R/IDR of October 17, 2023 the final finding of the integrated water service technical quality incentive mechanism (RQSII) has been published for 2022-2023 period.

Overall, from the attainment of the objectives set by ARERA, SMAT obtained rewards worth more than EUR 1.1 million and penalties for EUR 89,683 charged in the year under review.

With resolution dated January 30, 2024 no. 26/2024/R/IDR, the procedure was initiated to complete the incentive mechanism for water resilience foreseen by the authority's resolution 637/2023/R/IDR.

With resolution dated February 6, 2024 no. 39/2024/R/IDR, the procedure was initiated for the quantitative assessments, relating to the two-year period 2022-2023, foreseen by the incentive mechanism for the technical quality of the integrated water service, referred to in Title 7 of Annex A to the resolution of the authority 917/2017/R/IDR (RQTI).

F8. Additional ARERA regulations

Reconciliation (TICO)

For the implementation of the changes to art. 5 of Legislative Decree 28/2010 with Legislative Decree 149/2022, ARERA, with resolution 233/2023/E/COM of May 30, 2023, established that, starting from June 30, 2023, the mandatory conciliation attempt is operational, as a condition for the admissibility of judicial action also for the water sector; therefore, if an end user decides to take legal action, he or she should first attempt to settle the dispute before the ARERA Conciliation Service or before other bodies responsible for out-of-court dispute resolution.

Delinquency (REMSI)

On July 16, 2019 ARERA intervened by way of Resolution 311/2019/R/IDR (REMSI) for containment of overdue payments in the integrated water service, with the measures that the Authority intends to implement to contain overdue payments in the integrated water service, in particular focused on the conditions for limitation and suspension of supply for domestic users with overdue payments, not from vulnerable groups, on the procedures for management and containment of over payments in the case of condominium users, as well as instalment payment plans and communications to users to be adopted in the case of overdue amounts. Arera subsequently proceeded to amend and supplement the provisions following regulatory interventions.

As at October 2021, specific "Regulations on debt collection procedures for SII bills" were formalised and transmitted to ATO3 Torinese.

2022 saw the continuation of mass mailings of reminder notices, notifications of arrears and operational activities of restriction/suspension of supply under article 7 of the REMSI (SII Late Payment Management Provisions) after the processing of the notifications of arrears.

To better guarantee users who are unaware of any arrears, the company changed the regulation of debt collection procedures. Until this moment, in fact, users became aware of possible debt situations of the condominium only when the company, following all the recovery procedures, communicated the suspension of providing the service.

Thanks to the change approved by the Board of Directors, in the case of condominium utilities, when the value of 10,000 euros of debt is exceeded, SMAT will deliver a notice to the mailboxes of individual condominium

owners containing information on the state of arrears and the notice of the imminent recovery actions foreseen by the ARERA regulatory authority.

In this way, the company intends to facilitate users by making them aware of the ongoing problems, avoiding having, as the only point of contact, the pro-tempore administrator of the building, who may not have informed the condominium owners of the debt situation.

The new method of communication will also allow condominium users to avoid accumulating considerable overdrafts. In fact, regular payment for the service makes it possible to avoid having to deal with excessively onerous and unforeseen amounts.

Two-year limitation period

Still in connection with the water supply sector, we should also mention resolution 610/2021/R/IDR, on the two-year limitation period introduced by the 2018 Budget Law for some user types, which amends the previous regulations and specifies, clearly, as in the energy sectors, the existence of causes that will suspend the limitation period (with reference to arts. 2935 and 2941 of the Civil Code), and points out that, effective 2022, the latter must be identified and notified to the individual user in invoices containing amounts relating to a balance that has been due for over two years.

On January 2, 2023, sentences no. 35 and 36 were published, with which the Lombardy TAR (Regional Administrative Court) partially cancelled ARERA resolutions 603/2021/R/com and 604/2021/R/com, deeming that the information and evaluation obligations imposed on the distributor with the contested resolutions had no normative basis.

Resolution 86/2023/C/com communicated that ARERA had lodged an appeal against the Lombardy TAR rulings.

Recently, the rulings of the Council of State were published, which rejected ARERA's appeal against the appeals.

ARERA 2022-2025 strategic framework

With resolution 2/2022/A of January 13, 2022, ARERA approved the 2022-2025 strategic framework establishing the objectives that will serve as a guide for the development of the Authority's regulation over the next four years in the sectors reporting to it, and namely: consumer protection and awareness, through instruments and communication, digitalisation and the 'right' conversion to sustainable energy across the energy and environmental sectors, improvements to infrastructure, services and competitiveness. Special attention also goes to the new issues of energy communities, electric mobility, decarbonisation with renewable energy and clean hydrogen.

The strategic objectives, associated with one or more of the Sustainable Development objectives of Agenda 2030, and the lines of action are directed towards social, economic and environmental sustainability objectives (ESG).

With Resolution November 15, 2023 no. 525/2023/A, ARERA reported the activities carried out from January 2022 to September 2023.

MTI-4 rate determination method

With resolution no. 64/2023/r/idr of February 21, 2023, the procedure for the definition of the water rate method for the fourth regulatory period (MTI-4) for the determination of the integrated water services rates in keeping with the principles arising from EU and national regulations, began.

As ARERA pointed out, the final measure will maintain the stability of the overall framework, but, on the basis of new evidence, additional mechanisms will have to be defined for:

- promote management efficiency (also in terms of energy consumption);
- enhance the measures to steer investment choices towards innovative and resilient solutions with a smaller environmental impact;
- extend the incentive measures already provided under MTI-3 and further promote reductions in the amount of sewage sludge disposed of in landfills;
- preserve the efficacy of spending on investments in water infrastructure, maintaining an integrated view of the multiple sources of funding that can be activated, and step up the measures designed to promote the effective implementation of the investments planned;
- update the standard outlines of the economic-financial plan and the programme of interventions so as to ensure that they are consistently drawn up by taking into account the minimum levels, the indicators and the quality standards provided for by the regulations, also by detailing the modalities for the implementation of the interventions financed under the NRRP investment lines.

With this provision ARERA aims to mitigate the effects of the extraordinary increase in electric energy prices recorded in 2022 by extending to electricity costs incurred in 2022 the possibility of proposing a justified request for the recognition of additional costs, to be included in adjustment component “costs for the occurrence of exceptional events” and through the valorisation of the average cost of electricity for the sector in 2022 of EUR 0.2855/kWh.

With ARERA resolution no. 639 of December 28, 2023 the water tariff method was approved for the fourth regulatory period (MTI-4).

The main innovations introduced are the following:

- new duration of the regulatory period with the extension of the time period of the fourth regulatory period to 6 years, foreseeing: a duration of 6 years for the valorisation of tariff multipliers and recognised cost components; a biennial update of the tariff provisions according to methods defined with subsequent provisions; a possible intra-period review upon motivated request due to extraordinary circumstances;
- updating of the matrix for the regulatory scheme with an increase in the maximum annual increase values between 5.95% and 9.95%;
- changes to some of the cost components:
 - a new mechanism for recognising electricity costs, which also enhances self-production and containment of consumption with the same plant and perimeter conditions; during the 2026 balance, the benchmark was introduced based on a “theoretical” purchasing mix of 70% at a variable price and 30% at a fixed price;
 - additional costs relating to the entry into force of new regulations or the expansion of the perimeter can be valorised, for example for rainwater management activities;
 - the costs for technical and contractual quality may also include additional charges compared to those previously communicated in relation to the new technical quality objectives (only where the managing authority is placed in one of the classes to which the objective for improvement is associated), as well as at the most recent evaluations during the application of the incentive mechanism which have led to the attribution of penalties;
 - the recognition rate of financial and tax charges was updated to the value of 6.1% for the two-year period 2024-2025;
 - identification of the maximum value of the cost of arrears equal to that resulting from the application of the 2.4% percentage to the annual turnover of the previous two years for managing authorities located in the Northern regions;
- incentive mechanism for energy and environmental sustainability in the event of achievement from 2025 of the objectives identified with reference to the two indicators relating to:
 - share of purified volumes which could be destined for reuse but are not used for that purpose;
 - quantity of electricity purchased;
- measures aimed at efficient financial sustainability such as updating the treatment of the components as a balance included in the manager's revenue constraint to take into account, on the one hand of the adjustments and changes made to the methods of recognition of updatable operating costs and on further new elements. It is postponed to a subsequent provision the definition of the operational methods for recovering any deviations between the data communicated with reference to odd years on volumes and electricity and the operating costs and adjustments quantified for the tariff arrangements referring to 2023 assuming a rate of zero inflation and those resulting from the update of the rate equal to 4.5%.

Finally, some asset categories were introduced associated with the new technical quality indicator, relating to resource storage and rainwater management (water resilience).

For endogenous operating costs, the re-proposal of the efficiency mechanism of the previous period was confirmed, with an incremental effect.

F9. Acque Potabili S.p.A. Under liquidation

Summarizing the steps leading up to acquisition of co-control shares of the Società Acque Potabili di Torino, on June 22, 2005 SMAT and AMGA Genova (presently IRETI), following a public procedure acquired majority shares in Condotta di Acque Potabili S.p.A. (SAP) – a company founded in 1852 and the first Italian company in the water sector to be traded on the Milan stock exchange, from Italgas/ENI.

SAP held, prior to the merger, the entirety of shares of Acquedotto Monferrato S.p.A., the company that manages the aqueduct services in the municipalities of Monferrato.

The intervention by SMAT with the acquisition of SAP, in addition to having significant industrial impact, represented an important signal at a local level, because it guaranteed occupational continuity to more than 200 workers in Turin and in many other Italian regions.

SAP became the vehicle through which SMAT and AMGA intended to develop their presence at a national level: SAP also participated in the tender to become a service provider for the integrated water service in territory ATO1-Palermo, and in 2007 won the 20-year concession. This was the basis for the constitution of Acque Potabili Siciliane, the provider of water services to 55 of the 82 municipalities in the Palermo province.

In 2010 insolvency proceedings were commenced and, after alternate vicissitudes, company Acque Potabili Siciliane was declared bankrupt. Also commenced a drawn out arbitration procedure, at the end of which ATO 1-Palermo was judged to be the losing party, with the SMAT subsidiary awarded damages for over 32 million Euros, by the simultaneous administrative liquidation, which the Authority was subjected to.

The business model represented by SAP, based on multiple non-prevailing concessions, scattered through different territories throughout Italy following the referendum results of June 2011, abrogating article 23 bis of Law August 6, 2008, no. 133 and the judgement of the Constitutional Court 199/2012, meant that the company Acque Potabili progressively lost its capacity to function as an independent industrial entity.

In 2014 SMAT and IREN Acqua e Gas (taken over by AMGA) decided to jointly promote - through Sviluppo Idrico S.p.A. (holding equal shares) – A Tender Offer for the acquisition of shares held by private shareholders and the delisting of the company from the Screen-Based Trading System Managed by the Italian Stock Exchange.

The Tender Offer consolidated in the control of SMAT (and equally IREN Acqua e Gas) a share holding of just less than 45% and in 2015 – following an inverse merger – Acque Potabili was delisted.

This was the start of rationalisation and integration of business and concessions still controlled by SAP, with division of relative services locally and from a managerial standpoint: in 2015 the transfer of two branches of SAP to SMAT and IREN was concluded. On 1 July 2015, SMAT began directly managing 31 municipalities with the ATO3-Torinese territory, which were previously managed by SAP, serving a population of approximately 250,000 residents and transferring 60 employees to SMAT.

After the concession of the branch of the Turin company to SMAT and the Liguria company to IREN Acqua e Gas, Acque Potabili held 32% of the originally held concessions.

Another step towards corporate rationalising was concluded in the end of 2016, with the transfer to IREN of a remaining 31 concessions (defined "performing" and located in the provinces of Alessandria, Asti, Aosta, Cuneo, Mantova, Novara, Vercelli, Brescia, Milan, Pavia, Piacenza and Verona), simultaneously transferring 47 employees to IRETI (which took over IREN Acqua e Gas in the meantime).

In the end of 2018, SAP had completed the process of ceding any remaining concessions ("non-performing") with the transfer of the concession in Adria (RO), and in 2019 all the price adjustment transactions for the Veneto transferee Acque Veronesi S.p.A. were completed.

SAP had no direct employees. Operations and adequate organizational frameworks were guaranteed by specific service contract stipulated with SMAT and IRETI.

In light of the aforesaid and in relation to the negative result of the case brought by the subsidiary company Acquedotto Monferrato S.p.A. with the Consortium for the Acquedotto del Monferrato, it was considered opportune to activate a series of corporate transactions for the purpose of:

1. incorporating the company Acquedotto Monferrato into Acque Potabili;
2. approving an amendment to the articles of association setting forth the right of shareholders to withdraw;
3. approving the liquidation of Acque Potabili on the occasion of the Shareholders Meeting, which was convened to approve the 2019 financial statement.

On February 18, 2020 the SMAT Board of Directors approved the aforesaid transactions.

To carry on the Acque Potabili operation, on February 24, 2020, the company entered into an agreement with associate company IRETI whereby it was agreed that the joint ownership of the interest in Acque Potabili would be maintained after the shareholders' withdrawal, and all decisions would be taken jointly, even after the liquidation of Acque Potabili.

The merger of Acquedotto Monferrato (owned 100%) into Acque Potabili, dictated by the possibility of limiting the liquidation to one subject and further reduce corporate costs, was completed by signing the merger deed on November 10, 2020. On that date, Acquedotto Monferrato S.p.A. ceased to exist. For civil code purposes the merger went into effect on November 13, 2020 and for accounting and tax purposes on January 1, 2020.

The amendment to the bylaws (art. 6) that activated the right of withdrawal and thereby the possibility of reducing the number of shareholders to below the number specified for widely held corporations, and hence be authorised to adopt simplified corporate procedures, was approved by the Extraordinary Meeting of the Shareholders of Acque Potabili held on June 16, 2020.

The right of withdrawal was exercised for 426,111 shares, of which 5,172 were offered as an option and purchased by minority shareholders and 420,939 were bought back by Acque Potabili as treasury shares for a total of EUR 1,094,000.

The solution adopted to cancel the treasury shares consisted of removing the nominal value of the shares from the company bylaws. This solution will make it possible to cancel the treasury shares without the contextual reduction in share capital, so that, in 2021, when the process has been completed, the total number of shares issued by SAP will be 7,212,157.

Accordingly, the percentage of shares held by SMAT and IRETI in Acque Potabili will increase from 44.92% to 47.55%, while the overall number of shares held will remain the same and Acque Potabili will become an ordinary, not widely-held corporation.

The Extraordinary Meeting of the Shareholders of Acque Potabili held on April 29, 2021 approved:

- 1) the proposal to amend article 5 of the Company bylaws, which made it possible to avoid reducing the share capital;
- 2) the proposal for an early dissolution and voluntary liquidation of the company pursuant to article 2484(1) number 6 of the Italian Civil Code;
- 3) number, appointment and powers of the liquidators, and liquidation modalities.

The deed was registered and recorded in the Trade Register of Turin on May 31, 2021.

The Directors, in office until May 31, 2021, handed over to the Liquidators the following documentation:

- company books and documents;
- statement as at May 31, 2021 showing the state of company accounts at the date of dissolution of the company as at May 31, 2021 and management report for the period from January 1, to May 31, 2021 pursuant to art. 2487-bis of the Civil Code, handed over to the Liquidators on October 16, 2021.

It should be noted that the Liquidators decided not to change the valuation criteria and the historical values reported in the directors' management report as at May 31, 2021, in that, at the date of commencement of liquidation proceedings, they provided the best approximation of the realization value for the assets and the liquidation value for the liabilities.

The Liquidators' actions are aimed at the sale and divestment of assets, the management and payment of payables, as well as litigation and real property management and containment of operating costs.

The Ordinary Shareholders Meeting of company SAP S.p.A. Under liquidation, held on April 29, 2022, approved the financial statements for the period from June 1, 2021 to December 31, 2021 (first intermediate liquidation financial statements), which ended with a positive result of EUR 158,000, and incorporated the negative result for the period from January 1, 2021 to December 31, 2021, of EUR 196,000, as recorded in the aforementioned statement handed over to the Liquidators.

The Ordinary Shareholders' Meeting of company SAP S.p.A. in liquidation, held on April 27, 2023, approved the financial statements for the year ended December 31, 2022 (second intermediate liquidation financial statements) that closed with a positive result of EUR 311,000.

F10. Personnel

During 2023, in line with the Industrial Plan 4.0, SMAT continued the process of generational turnover of the workforce initiated in previous years, aiming to guarantee continuous company development. A total of 40 hires were made (10 of them under professional apprenticeship contracts). The number of new hires was lower than in 2022 as, due to the 2021 Expansion Contract, they were more concentrated in 2022.

In particular, 30 hirings took place partly using the existing and still valid rankings, defined following the Selection Notice 1-22, partly following the publication of the public Selection Notice 1-23, aimed at selecting full-time permanent resources to be included in the technical services (environmental engineers, hydraulic engineers, plant management and maintenance workers) and administrative services.

In particular, 5 profiles were advertised, of which 3 were professionalizing apprenticeship contracts, aimed at young candidates with the objective of encouraging their integration into the company. Due to the small number of registered candidates and the failure to pass the tests, it was not possible to draw up rankings for the administrative profiles.

Of the remaining 10 hirings, 5 took place by direct call by name (in accordance with the provisions of articles 1 and 23 of the Recruitment Regulations) and 5 following the acquisition of a business branch from the Company for the Drinking Water Pipeline in Alpignano and consequent transfer of personnel to SMAT. Terminations, however, were slightly higher than the previous year (60 compared to 53 in 2022). 50% of them (30 out of 60) occurred as a result of signing up to the Expansion Contract referred to in art. 41 of Legislative Decree 148/2015 and subsequent amendments which the Company also signed for 2023, following the evaluation process begun

at the end of 2022. For the purpose of implementing the same, SMAT made the payment to INPS of the payment due, including the related contribution where applicable, the 15% increase and net of the NASPI intervention and notional contribution (except for future adjustments which may occur following the adjustments to life expectancy pursuant to Law 122/2010) and also paid the members the amount by way of redundancy incentive and general novation settlement following the signing of the clauses provided for in the consensual terminations. The total amount for these securities was approximately 1.8 million euros, of which approximately 1.5 million euros were covered through the use of the fund recognised as a component of labour costs in 2022 and approximately 0.3 million euros were recognised in the income statement as a component of the labour costs for the year.

F11. Loans from the National Recovery and Resilience Plan - PNRR

The eligible PNRR funding for SMAT are related to the following projects:

- Grande Acquedotto Valle Orco - Measure M2C2 - I4.1 *“Investments in primary water infrastructure for the security of water supply”* referred to in Annex 2 of the MISE Decree is equal to 93 million euros on an investment of 186 million euros.

By signing the “Obligation Deed” on 06/22/2022 SMAT, in its capacity as Party Implementing the Intervention and the MIMS - General Directorate for Dams and Water Infrastructures – as the Government Agency in charge – finalised the deed for the allocation for the resources needed for the intervention.

The “Obligation Deed” specifies, in art. 4, the advance granted to SMAT, of EUR 27,900,000.00, corresponding to 30% of the amount admitted to NRRP financing, which SMAT received on August 23, 2022.

In compliance with the provisions of the “Aid Decree” (L.D. 50/2022) art. 26(7), the Fund for the start-up of non-deferrable works was established with Decree of the President of the Council of Ministers (DPCM) of July 28, 2022 (published on the Official Gazette on September 12, 2022). On October 10, SMAT submitted an online application for access to the Fund, with the request to admit SMAT to the measure for financing the increase in expenditure determined by adjusting the fees to the costs incurred for the final projects, adding up to a total of EUR 36,352,813.24.

With the Decree of the Ministry of Economy and Finance of November 18, 2022 (Official Gazette no. 278 of November 28, 2022), the entire intervention was admitted to financing under the Fund for the start-up of non-deferrable works for the same amount.

In December 2022, the final project was approved with a total economic framework of EUR 279,341,000 and a call for bids for the awarding of the works subdivided into 3 lots. In 2023 the tendering process was completed and the new economic framework of the works net of bidding discounts comes to EUR 234,971,770.13.

- Reduction of water losses, digitisation monitoring of the aqueduct systems: with Ministerial Decree no. 594, of August 24, 2022, the General Directorate for Dams and Water Infrastructures of the Ministry of Infrastructure and Sustainable Mobility (now Ministry of Infrastructure and Transport) declared the project proposed by Autorità d'Ambito no. 3 “Torinese”, entitled “Digital transformation of the management of the aqueduct systems of ATO3 Torinese and reduction of water losses” (intervention code M2C4-I4.2-072) eligible for financing under the National Recovery and Resilience Plan M2C4 - Investment 4.2 scheme “Reduction of losses from water distribution networks, including the digitalisation and monitoring of networks”, of which SMAT is the Implementing Party.

With the “Obligation Deed” towards the Ministry of Infrastructure and Sustained Mobility signed on October 21, 2022 by the Beneficiary Subject (Autorità d'Ambito no. 3 “Torinese”) and the Implementing Party (SMAT S.p.A.), the deed for the allocation for the resources needed for the aforementioned intervention was finalised.

The M2C4-I4.2_072 intervention, with a total cost of EUR 66,123,570, is financed by the European Union - Next Generation EU, for the amount of EUR 50,000,000. On April 19, 2023 the ATO 3 Area Authority transferred the advance payment of 5 million euros received from the Ministry.

- Valperga Purification: The intervention consists of a revamping of the purification plant, which means the transformation of the plant from secondary to tertiary and is eligible for funding from the European Union for Measure M2C4, Inv. 4.4 Sewerage and purification, by the Ministry of the Environment and Energy Security, with Ministerial Decree no. 262 of August 9, 2023 as part of the resources relating to Investment

4.4 "Investments in sewerage purification", Mission 2 "Green revolution and ecological transition", Component 4 "Protection of the territory and water resources" for an amount requested by the Government Authority of Ambito ATO3 Torinese amounting to 11,680,000 euros.

F12. Loan from the European Investment Bank

On December 15, 2023, the second tranche of 50 million euros was disbursed by the European Investment Bank (EIB) from the financing line not backed by a bank guarantee of 150 million euros, for the creation of an investment project whose overall financial requirement is estimated at 300 million euros for the period 2022-2027, signed on September 23, 2022 in conjunction with the 2022 Water Festival. All project components comply with the eligibility criteria set out in the Green Loan Principles and the Bank's environmental sustainability criteria, so that the loan comes under the "green" category.

F13. Financial rating

On June 13, 2023, it confirmed the Issuer Credit and Senior Unsecured Ratings from "BBB" to "BBB+" with stable outlook, and revised the company's stand-alone credit profile from "a-" to "a".

On December 6, 2023 Standard & Poor's maintained the same rating.

F14. Legality ratings

In 2023 SMAT maintains the legality rating assigned by the Authority Guaranteeing Competition and the Market with the maximum score of ★★★.

F15. Legislative decree no. 175 of August 19, 2016 (Madia)

In accordance with art. 26 section 5, the decree is not applied to companies with publicly owned shares that have issued financial instruments different from shares, traded on regulated markets.

F16. Climate variations and SII reorganisation strategies

In order to cope with the vulnerability of the water resource, which is increasingly put under stress by the evolving dynamics of the climate, SMAT has drawn up an Investment Plan that contains the construction of significant infrastructural works and the development of a series of organisational strategies such as the priority use of invaded Alpine waters, the use of innovative technologies to reduce losses in the water networks the identification of areas for the creation of reservoirs to store surface water, the creation of municipal interconnections between aqueduct networks and the strengthening of existing networks and plants.

In particular, as regards adaptation to climate change, SMAT has planned three infrastructural works to improve the resilience of the water system in accordance with the 2022-2027 Strategic Works Plan. Among such works, the Median Sewer Line and the Great Orco Valley Aqueduct are under construction, while the Great Susa Valley Aqueduct is already operational. Moreover, in connection with the strategic goal of efficient energy use, SMAT has started the final design of the great infrastructural project for the thermal oxidation of sludge at the Castiglione Torinese treatment plant.

In 2022, with the aim of reducing deficiencies in water distribution by computerising its systems through the destructuralisation of the network, SMAT launched a project to model the interconnections between aqueduct networks, starting with the municipalities south of Turin. The aim is to improve water supply and increase the resilience of the aqueduct systems by connecting different networks so as to ensure greater availability of resources and continuity of service.

In order to guarantee the distribution of drinking water to the community, even in an emergency, SMAT has defined a specific "Operational Plan for water emergencies in drought periods" as well as two Operational Crisis Plans: one for the drinking water production plants and the other to manage the distribution network, aimed at preventing any disruptions in service.

Last but not least, the redesign of the Tournon dam got underway, as described further on.

These strategic choices were also dictated by specific studies and in-depth investigations conducted by the SMAT Research Centre, which, among its numerous research projects, gave priority to those aimed at mitigating and adapting to the impacts of change on water resources and the integrated water service in general, together with active participation in institutional roundtables.

SMAT is a partner of the Life ClimaX Po project, an integrated strategic LIFE project in which 25 partners are involved and which sees the Po River District Basin Authority as the leader body. The project aims to promote

adaptation to climate change through "*climate-smart*" management of water resources at the level of the Po River Hydrographic District, favouring the implementation of the National Strategy for Adaptation to Climate Change and operating in cooperation with the National Plan for Adaptation to Climate Change. As part of the project, SMAT will improve the resilience of urban drainage networks to climate change, providing adequate monitoring tools and effective intervention plans for risk management.

Other examples of ongoing projects aimed at providing operational decision-making supporting tools on shorter-medium-term time scales concern: (i) the management of resource scarcity, for which the INOPIA support system is being tested, which involves the development of early warning information systems for the pre-announcement of water crises, created in collaboration with CNR-IRSA, the Department of Civil Protection and Arpa Piemonte, (ii) extreme precipitation events in urban areas, the PrecipiTO project for the monitoring and short-term forecasting of rapidly evolving and high-impact precipitation phenomena, again in collaboration with the Natural and Environmental Risks Department of Arpa Piemonte.

F17. Change in scope of activities

With Resolution no. 774 of December 10, 2020, the ATO 3 of Turin confirmed the management of infrastructures dedicated to the disposal of rainwater, allowing SMAT to extend the scope of this activity to all the municipalities of ATO3 falling under the scope management as at 2018.

The expansion of the scope of activities, provided for in the Territorial Area Plan (Piano d'Ambito), concerned the routine maintenance of the following infrastructures:

- street drains and collection grates;
- sections of piping connecting roadside drains and sewerage collectors;
- municipal sewerage pipelines;

In view of the considerable volume of new business, the expansion of the scope has been planned progressively over the time frame 2018 - 2022 and beyond.

In 2021, the geo-referenced survey of all manholes and street gutters continued and mixed sewer overflows were monitored by remote control and the planned targets were achieved.

Since 2022, SMAT has extended its sphere of competence to the management of the infrastructure for the disposal of stormwater and the storm drains in all ATO3 municipalities, as pointed out in the Non-Financial Report.

All the storm drains, and street gutters were georeferenced, while the mixed sewer overflows were constantly monitored via remote control. In this way, SMAT has a complete vision of the infrastructures involved in the rainwater disposal system and can intervene promptly in the event of any anomalies or failures.

During the year 2023, maintenance interventions were carried out on 44,663 storm drains.

F18. Top Employer certification and initiatives for the dissemination of a culture of gender equality

SMAT joined the Top Employers Certification Programme, obtaining Top Employer Italy certification for the first time in 2022, annually reconfirmed also for 2024, the third consecutive year. SMAT is thus officially recognised as one of Italy's 147 best companies for working conditions, benefits, career plans, investment in training and development, as well as for its HR policies focused on professional and personal growth and people's wellbeing.

The *SMATallaPARI* project is part of a systemic path of cultural change in the organisation—in the belief that dealing with Diversity, Equity, and inclusion (DE&I) means recognising the diversity of each person as a resource, with the objective of obtaining gender equality certification during 2024, consistent with the UNI/PdR 125:2022 reference practice.

Among the objectives of this project are creating and developing a working context where each person can fully and freely express his/her potential, enhancing and respecting each diversity, guaranteeing equal opportunities regardless of gender and any other personal characteristic.

The project involves managers in various capacities, with the aim of guiding and spreading an inclusive leadership style capable of truly putting people at the centre.

The introduction of the management system for gender equality, according to the reference practice, involves the assessment, reporting and evaluation of a set of indicators distributed in six areas - culture and strategy, governance, HR processes, growth opportunities and inclusion of women in the company, remuneration equity by gender, protection of parenthood and work/life balance - with the aim of bridging any gaps that may exist and producing sustainable and lasting change over time.

F.19 Communication to indirect users

In order to reach its users more comprehensively, SMAT has prepared a communication aimed at so-called indirect users, i.e. those who use the service through a condominium connection and receive information only indirectly from the condominium administrator. The company has asked for the cooperation of condominium administrators in distributing an information sheet on the integrated water service indicating where to find data on quality levels and the rate structure, and summarising the amounts billed to the registered user for the condominium. SMAT asked the administrators to communicate the number of household members for each resident domestic unit and to indicate any types of use other than domestic for a more precise application of the rate structure.

F.20 Water emergency in Piedmont and “Drought Decree”

The summer of 2022 saw one of the worst droughts in history, as described in the Non-Financial Report. In view of persistent critical conditions and the need to implement appropriate operational strategies, a state of emergency was declared in the Region in July 2022 and extended for another 12 months in December of the same year.

The Region has received EUR 7.6 million in funding for the interventions required to deal with the critical water scarcity conditions. Of this amount, almost EUR 6.8 million was allocated to 102 medium-term emergency interventions, concerning network interconnections, replacement or upgrading of pumps, design activities for spring upgrading or water network replacement works, and the restoration of disused wells, with the aim of preventing the occurrence of critical peaks in the summer months. In addition, more than EUR 800,000 were earmarked for a total of 142 water transport operations by tanker trucks.

In 2023, the state of emergency connected to the ongoing situation of water shortage in the Piedmont Region, approved by the Council of Ministers on 28 December 2022, was extended.

At the national level, Legislative Decree no. 39 of 14 April 2023 *“Urgent provisions to combat water shortage and for the strengthening and adaptation of water infrastructures”* (so-called Drought Decree) foresaw a series of actions in line with the proposals for adaptation to climate change proposed by Uilitalia:

- simplify the implementation of investments in relation to procedural processes and create the strategic infrastructure works to monitor the water crisis;
- guarantee the efficient use of the reservoir volumes to combat the water crisis;
- support the presence of industrial management and strengthen the governance of the river basin districts;
- promote the efficient reuse of purified water for irrigation use;
- diversify the supply strategy with changes to the regulation of desalination plants;
- strengthen the system of sanctions in the event of diversion or use of public water without an authorisation or concession from the competent authority;
- promote the efficient use of water with a communication plan relating to the water crisis.

F21. SAP Alpignano

Effective January 1, 2023, SMAT acquired the company branch of Società per la Condotta di Acqua Potabile in Alpignano S.r.l. and the operational management of the aqueduct segment in the Municipality of Alpignano, thereby completing the aggregation process contemplated in the Deed of Commitment of June 30, 2022; the branch transfer contract was signed on December 28, 2022, with the transfer to come into effect on January 1, 2023, involving the transfer of five workers operating in the transferor SAPA..

With the deed dated 11/29/2023, taking into account the data of the sworn experts’ reports prepared by the respective experts of the transferor and transferee, the overall adjustment of the transfer price originating from the updating of the data of all the assets and liabilities subject to transfer as at 12/31/2022 was defined. This final transfer price was therefore determined at 737,406 euros as shown in the detailed table below.

The SAP Alpignano balance sheet as at 12/31/2022 is summarised in the table below showing the assets and liabilities included company branch (data in EUR units):

Land and buildings	208,465	Ordinary contract bonds	230,786
Plants and machinery	234,202	Debts to suppliers (SMAT excluded)	455,396
Industrial and commercial equipment	11,919	Employee accruals	6,521
Other tangible assets (excluding vehicles)	872	Accrued liabilities and deferred income	796
Multiannual expenses to be amortised (software LIC.)	1,672		
Leftover stock inventory	13,512		
NET NON CURRENT ASSETS	470,642	TOTAL LIABILITY OF COMPANY BRANCH	693,499

Due from customers	965,932		
Provision for bad debts	(18,518)		
Due from other	9,907		
Accruals and deferrals	2,942		
TOTAL CURRENT ASSETS	960,263	TOTAL FINAL VALUE OF COMPANY BRANCH	737,406
TOTAL	1,430,905	TOTAL	1,430,905

The transaction was finalised with the agreement to remit to SMAT the customer receivables collected directly by the assignor after January 1, 2023, against SMAT's payment of the final transfer price.

F.22 Water points: new payment system

To facilitate the purchase of sparkling water from Water Points, SMAT has set up a new payment system that makes it possible to overcome the critical issues due to the outdated digital payment system adopted until now.

Activities are underway to adapt the Water Points; a special reader will be placed on each one which will allow payment via the new prepaid card.

The portal to request the card is cardpuntiacqua.smatorino.it; it is already active. Instructions for the operating procedures are available on the website's Punti Acqua page: <https://www.smatorino.it/punti-acqua/>.

At the SMAT Water Points, the supply of refrigerated natural mains water will continue to be free.

F.23 Water pact

In 2023, SMAT was among the first to sign the "*Pact for Water*", Utilitalia's initiative created to promote the teaming up among associated companies by putting their industrial skills and capabilities at the service of the nation and, in light of climate change, relaunch the water issue on the institutional agenda.

With an increase in investments and industrial management of the Water Service, the Utilities that have joined the "*Pact for Water*" aim, in particular, to carry out every action that can serve to support national policies of environmental and resource protection, resilience of networks and supply systems, thus guaranteeing citizens the universality and quality of the services offered, and management that is up to future challenges.

SMAT was among the first to sign the Utilitalia document with A2A, Acinque, Acqua Novara Vco, Acquedotto Lucano, Acquedotto Pugliese, Amap, Ascopiave, Gruppo Cap, Cva, Hera, Iren, Mm, Nuove Acque, Pub-liacqua, Romagna Acque, Suez, Gruppo Tea and Viveracqua.

To date, over 40 Companies in the water sector associated with Utilitalia have joined the "*Pact for Water*".

F.24 Deed of takeover of the General Aqueduct of the Lanzo Valleys

In order to implement the management reunification process headed by SMAT as area manager, going beyond the current service contract, the deed with which the company takes over the operational management of the General Aqueduct of the Lanzo Valleys has been prepared, starting from January 1, 2024.

The Board of Directors of 11/29/2023 approved the takeover deed, signed on November 13, 2023 by the Unione Montana dei Comuni delle Valli di Lanzo, Ceronda and Casternone (UMVLCC), Unione Montana Alpi Graie (UMAG) and SMAT.

F.25 New Member Municipalities

Effective February 1, 2023, SMAT resumed the operational management of the integrated water service for the municipality of Traves, and on October 1, 2023 did the same for the municipality of Bruzolo. In 2024, the Municipality of Valprato Soana joined the corporate structure.

F.26 SMAT and the people of Turin supporting the populations of Emilia Romagna

With reference to the flood events in Emilia Romagna in May 2023, with the message "*THE PEOPLE OF TURIN ARE WITH YOU*" the company sent 3 canal jet drain trucks to the Ravenna area to provide concrete help, useful in dealing with the dramatic situation caused by the flood. The teams of 8 people for the first dispatch were coordinated by SMAT technicians in order to provide logistical and practical support in clearing the water and mud.

Providing men and equipment and intervening in support of rescue operations is the best way to express a feeling of closeness and solidarity with the disaster victims.

F.27. Felix Industry Prize - Italy that competes

SMAT was awarded by the Turin Industrial Union the recognition as the best company in the energy and utilities sectors with registered office in Piedmont for management performance and the highest CERVED score for financial reliability. The award, organised by Industria Felix Magazine, is based on an analysis of the 2021 balance sheet indices carried out by the quarterly economics and finance magazine published as a supplement to Il Sole 24 Ore and the Cerved Research Department.

G. SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2023 AND BUSINESS OUTLOOK

G1. Newco ACEA

With resolution no. 828 of November 3, 2022, ATO3 Torinese acknowledged the document “Addendum to the Executive Agreement for the Operational Management of the Integrated Water Service”, signed between SMAT and ACEA P.I. S.p.A. on September 23, 2021, which, in addition to the operational reorganisation, as from January 1, 2022, in order to valorise the management skills acquired, provides for the establishment of a NewCo controlled by SMAT with ACEA holding a minority stake, to which, in compliance with the regulatory constraints, the operational management of the Pinerolo area shall be entrusted until the expiration of the agreement that assigned the management of the area to SMAT, and hence until the end of December 31, 2033.

The Board of Directors, in the meeting of 11/29/2023, approved the corporate operation for the establishment of a new company - NewCo - 51% owned by SMAT S.p.A. and 49% by Acea Pinerolese Industriale S.p.A., to which the operational management of the integrated water service within the Pinerolese perimeter managed by ACEA is entrusted; a similar resolution was made by the administrative body of Acea Pinerolese Industriale S.p.A.

The operation as a whole was also shared with the City of Turin and with the ATO 3 Torinese.

The establishment of the NewCo was subsequently approved by the Municipalities and ACEA members, which forwarded the relevant council resolutions to the Regional Control Section for Piedmont of the Court of Auditors and to the Competition and Market Guarantor Authority pursuant to Art. 5 paragraph 3 of Legislative Decree 175/2016.

The Court of Auditors, regional control section for Piedmont, in response to the communication from one of the Municipalities, members of ACEA Pinerolese Industriale S.p.A., with Resolution no. 19/2024/SRCPIE/PASP of 02/12/2024, found elements hindering the establishment of the NewCo, 51% owned by SMAT and 49% by ACEA, to which the management of the integrated water service of the Pinerolese area was to be entrusted.

Following the subsequent discussions among SMAT, ACEA, and ATO 3, also with the aim of identifying other possible alternative solutions, ATO 3 Torinese considered that the only possible path was the transfer of the relevant business branch to the integrated water service from ACEA to SMAT.

In this sense, ATO 3, with Presidential Decree no. 6 of April 30, 2024, provided for a further technical extension of the safeguarded management of ACEA Pinerolese until December 31, 2024 with the aim of concluding the transfer of the business unit relating to the integrated water service to SMAT S.p.A., the sole entrusted manager of the same service for ATO 3 Torinese.

G2. Acquisition of AIDA

The PI 4.0 industrial plan, approved by the ordinary shareholders' meeting of 06/26/2020, provided for the aggregation of the operating entity Aida Ambiente, which is entrusted through a service contract with the management of the inter-municipal purifier of Pianezza. Negotiations have started on the reunification of the service under SMAT and the consequent purchase of the shareholding, including assets and personnel, to be transferred with the protections provided for in Article 2112 of the Civil Code pursuant to Article 173 of Legislative Decree 152/06.

The SMAT Board of Directors of November 29, 2023 approved the appraisal for the purchase of the share held by Consorzio AIDA as at December 31, 2022. Therefore, the Board of Directors of AIDA Consorzio also prepared the necessary documents to complete the transfer.

The new Administration of the Municipality of Pianezza asked Consorzio to check the data of the appraisal, in particular regarding the transfer of some properties not included in the appraisal.

At the request of SMAT, the Ordinary Assembly of Aida Ambiente was held on April 10, which unanimously resolved *"to approve the process of reunification in SMAT of the service provided by Aida Ambiente S.r.l. which involves the acquisition by SMAT S.p.A. of the minority shareholding of the Shareholder Azienda Intercomunale Difesa Ambiente A.I.D.A. (Intercommunity Environmental Defence Company) integrating the expert assessments no later than next September 2024"*.

G3. New contract code and regulatory changes as at January 1, 2024

With Legislative Decree no. 36 of March 31, 2023, entered into force on April 1, 2023, the new “Public Contracts Code” became effective as at July 1, 2023 save for certain exceptions expressly provided for that will be effective starting January 1, 2024 from the same date, the previous Code of Contracts (Legislative Decree No. 50 of April 18th, 2016) was abolished and the new provisions applied to all procedures and contracts whose notices are published after July 1, 2023.

Furthermore, we note the following implementing measures adopted by the National Anti-Corruption Authority (ANAC) pursuant to the aforementioned Code, effective from January 1, 2024:

- ANAC, Resolution no. 261 of June 20, 2023 (National database of public contracts);
- ANAC, Resolution no. 262 of June 20, 2023 (Virtual file of the economic operator);
- ANAC, Resolution no. 263 of June 20, 2023 (Legal publication of documents);
- ANAC, Resolution no. 264 of June 20, 2023 (Transparency of public contracts).

In light of these regulatory changes, it was necessary to proceed with the adaptation of the Company Regulations, pursuant to art. 50, paragraph 5, of the new Code, for the awarding of contracts for works, supplies and services of amounts lower than the thresholds of European relevance, whose procedures were updated and aligned with the new regulatory framework on contracts below the threshold while introducing, at the same time, further provisions regarding the evaluation of operators and methods of rotation of invitations and assignments. The new Regulation was approved by the Company's Board of Directors on 15 May 2023 and entered into force on July 1, 2023.

Furthermore, the Qualification System established and managed by SMAT was updated and extended to December 31, 2026 in order to pre-select economic operators with specific general, economic-financial and technical-professional requirements to be invited to the procedures for awarding contracts for architecture, engineering and other technical services, adapting the provisions of the relevant Regulations which regulate in general terms the criteria, the System's methods of registration and functioning established pursuant to art. 168 of Legislative Decree no. 36/2023. The revision of the Regulations was approved by the Board of Directors on January 29, 2024 with the simultaneous annulment of the previous version.

From January 1, 2024, the digitalization of the life cycle of contracts provided for by articles 19 to 36 of the new Code came into force. The national digital procurement Ecosystem (*e-procurement*) referred to in art. 22 of the Code came into being, which marks a significant transformation in the matter of public contracts.

The digital Ecosystem exploits the functioning of the National Digital Data Platform, a system that enables and fuels the exchange of information, datasets, and key services within the PA. It also interoperates with the individual digital procurement platform certificates (PAD), managed by contracting authorities and granting bodies, and with the reformed National Database of Public Contracts of ANAC.

In turn, the National Database of Public Contracts represents the digital infrastructure of reference for managing information of interest regarding public contracts and includes the Public Contracts Platform (PCP), the Virtual File of the Economic Operator, the Single Registry of Contracting Authorities, the Platform for Legal Advertising, the Computer Records, and the Register of Economic Operators.

The regulation on digitalization applies to all contracts subject to the regulation of the Code, i.e. procurement and concession contracts in ordinary sectors and special sectors of any amount.

In the current regulatory framework, digitalization translates into the obligation for contracting and awarding authorities to use a procurement platform to manage the entire life cycle of the public contract and, through connection with the National Database of Public Contracts (BDNCP), for compliance regarding transparency and digital publication of the tender notice or contract notice.

As a consequence of these provisions, SMAT started the certification process by AgID (Agency for Digital Italy) of its digital procurement platform, which came to a positive conclusion on March 5, 2024.

This “certified” digital platform allows the digital management of the various phases relating to procurement, the exchange of data with the National Database of Public Contracts (also for the purposes of fulfilling legal publication and transparency obligations), access to the tender dossier, to the virtual dossier of the economic operator, the management of the single European tender document and the acquisition of the tender identification code. Furthermore, the use of the digital platform is instrumental in accessing the documents and the technical, accounting and administrative control of the contracts in the execution phase.

G4. Engineering services relating to the drafting of the Document for the Feasibility of Project Alternatives (DOCFPA). Creation of synergistic actions to meet the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the creation of a reservoir for multiple purposes in the Lanzo Valley

The Ministry of Infrastructure and Transport - General Directorate for State Construction, Housing Policies, Urban Redevelopment and Special Interventions, with Directorial Decree no. 10083 of April 12, 2023, approved the proposal for admission to financing by the Po River District Authority relating to the preparation of the design of the feasibility of three strategic water infrastructures, including the project of the technical and economic feasibility of the intervention *"Implementation of synergistic actions for the satisfaction of the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the creation of a reservoir for multiple purposes in the Lanzo Valley"* (CUP F73F22000290003), within which SMAT is the Implementing Party.

The financing of the above project, with a total value of 1,680,000 euros, is granted from the resources allocated with ministerial decree no. 215/2021 referred to in the *"Fund for feasibility planning of priority infrastructures and settlements for the development of the Country - District Basin Authority and SEZ Areas"* established at the Ministry of Infrastructure and Transport (Ministerial Decree no. 259/22 and directorial decree no. 19056/22).

On 07/01/2023, the new Public Contracts Code, pursuant to Legislative Decree 03/31/2023, no. 36, took effect. This code foresees a much broader detailed design for the project of the Technical and Economic Feasibility, which essentially becomes a final project and requires that its drafting be preceded by the Document for the Feasibility of Project Alternatives and the Documentation of Design Guidelines.

The estimated overall expenditure for the preparation of the project of the technical and economic feasibility of the intervention is equal to 2,400,000 euros, the financial coverage of which is ensured for 1,680,000 euros through state funding and 720,000 euros through co-financing by the Implementing Party.

SMAT drew up the framework of requirements for the intervention pursuant to art. 1 of Annex I.7 of Legislative Decree 36/2023.

By virtue of the above, it was necessary to proceed as a priority with the assignment of the drafting of the Document of the Feasibility of Project Alternatives, which will be financed with an advance of the SMAT co-financing quota and drawn up in compliance with the contents of the framework of requirements prepared by the Contracting Authority.

The awarding of the engineering services was finalised early in 2024.

G5. Bond renewal

In the implementation of the Industrial 4.0 Plan already approved by the General Meeting of June 26, 2020, the Board of Directors on 05/15/2023 proposed to the Extraordinary Shareholders' Meeting of June 29, 2023 the extension of the maturity of the non-convertible bonds issued on April 13, 2017 for a total value of €135,000,000, for a period not exceeding 10 years, renegotiating the rate at market values, while maintaining the non-convertibility regime of the bonds.

A choice that will make it possible to support the company's investment plan by guaranteeing the creation of significant works for the territories and users, without asking for funds or guarantees from the Member Municipalities.

Following the resolution of the Bondholders' Meeting on March 14, 2024, the changes made to the non-convertible bond issued by the company and to the Regulations were as follows:

- ✓ keeping the original ISIN code;
- ✓ deadline postponed from April 13, 2024 to April 13, 2029;
- ✓ amount reduced from 135 to 90 million euros, following the reimbursement, on April 15, 2024, of the bonds subscribed by the Anglo-French investor Schroder's and the purchase of a third of the bonds of Cassa Depositi e Prestiti by Banca Nazionale del Lavoro;
- ✓ interest rate equal to 5-year midswap + 170 basis points = 4.546%.

The interest rate applied is equal to or lower than that obtained in other similar bond placements.

Furthermore, the extension of the existing bond represented a saving in time and costs: No new investors were sought and the costs incurred, equal to approximately 338,000 euros, were limited compared to those estimated at 517,000 euros for the issue of a new bond.

The changes to the text of the regulations approved by the Bondholders' Meeting are effective from March 20, 2024.

On April 16, 2024 Standard&Poor's maintained the "BBB+" rating, the stable outlook and the stand-alone credit profile "a".

G6. Sustainability Reporting Directive

In November 2022, the European Council definitively approved Directive (EU) 2022/2464, the "*Corporate Sustainability Reporting Directive (CSRD)*," which defines the new regulations for the communication of information regarding sustainability. It replaces the previous regulations on information of a non-financial nature, Directive 2014/95/EU, the "*Non-financial Reporting Directive (NFRD)*."

The framework extends the subjective scope and broadens the content for the expectations expressed by stakeholders to understand the company's impacts on sustainability factors and how these factors influence its performance and results.

In order to improve reporting and guarantee the comparability of data, the sustainability information required by the CSRD must be drawn up according to uniform standards at the European level drawn up by the European Financial Reporting Advisory Group (EFRAG), in the single electronic communication format referred to in the Delegated Regulation (EU) 2019/85 and subjected to marking. For the company, the obligation will start from the next financial statement on December 31, 2024, as it is already subject to the NFS.

The identification of material topics occurs according to a dual materiality approach which foresees two different perspectives: impact materiality and financial materiality.

Sustainability information will need to be published in a clearly identifiable section of the Management Report and there is an obligation to ensure sustainability information according to a "limited" approach. The EU will assess whether to adopt reasonable assurance in the future.

G7. Floating photovoltaic system

To pursue energy efficiency and increase energy production from renewable sources, SMAT has developed the imminent design and construction of floating photovoltaic farms to be installed on lagoon basins in the Municipality of La Loggia (TO).

The floating photovoltaic solution produces three benefits: It avoids the use of land, it creates shading on the surface of the basin, which significantly reduces solar radiation, the increase in water temperature and, therefore, the development of algae, and it constitutes a source of renewable energy that can be self-consumed.

The construction of a floating photovoltaic system is planned on the lagoon basins, from which the Company draws supplies for the large Turin water purification plant which ensures water resources for a large part of the city and integrates the supply to other municipalities in the area of power equal to 5.1 MWp.

By virtue of the southern exposure, the inclination and the beneficial cooling effects of the lower surface of the panels due to the presence of water, it is estimated that the plant could have a production of approximately 7,130 MWh/year.

SMAT is evaluating the possibility of tripling the installed power by placing an additional plant of approximately 10 MW on the surface of the adjacent basin.

G8. Reuse of treated wastewater

As fully described in the Non-Financial Declaration, with the aim of addressing the issue of water reuse through a multidisciplinary approach, the University of Turin, via the Butterfly Area (the scientific and technological hub devoted to Companies and Research Institutions - City of Sciences and the Environment of Grugliasco), in collaboration with Utilitalia, SMAT, the Piedmont Region and the various stakeholders, established a working group that proposes itself as an interlocutor to give life to collaborations, synergies, plans to address and combat the water crisis. In this context, the IRRISAFE project was created, which is divided into the development of a model for the reuse of wastewater and the study of innovative treatment techniques to further reduce residual pollution in the treated water.

G9. Benchmarking certification

On February 23, 2024, SMAT obtained certification from the EBC Foundation, the European organisation created to support water service Companies in improving, innovating, and increasing transparency through benchmarking activities.

The EBC Foundation awards this recognition to water utilities that demonstrate synergy with other operators in the sector.

In particular, SMAT was rewarded for having participated actively and committedly over the years in the EBC programme by providing quality data, contributing to the exchange of knowledge with other companies, constantly working to improve the Water Service, and making itself available to organise and host development activities aimed at improving company performance.

G10. PFAS information campaign

In response to concerns regarding the presence of PFAS (perfluoroalkyl and poly-fluoroalkyl substances) in distributed water, European Directive 2184 of 2020, which replaces the previous 98/83/EU, introduces some important changes to improve the protection of human health and sets threshold values for new substances including PFAS, identifying 20 compounds whose sum must not exceed 100 nanograms/litre or 0.1 micrograms/litre (1 microgram is equivalent to 1 millionth of a gram), a threshold which will come into force beginning in January 2026.

Starting in 2022, SMAT activated monitoring campaigns. The results to date show that all the samples already respect the value of 0.1 micrograms/l for 24 compounds foreseen by Legislative Decree 18 of 2023 (4 more compared to those foreseen by the EU directive). Indeed, in the vast majority of municipalities monitored, concentrations lower than the quantification limit of 0.01 micrograms/litre or their total absence were found. In the 2023 PFAS campaign, over 25,000 specific parameters were analysed to detect the possible presence of these compounds in drinking water: with the constant commitment, transparency and seriousness that have always characterised its actions, SMAT makes such data available to all, via its website, inserting them among the water quality monitoring parameters which are updated every six months, divided by Municipality and in Turin by District.

In April 2024, SMAT, in collaboration with the ATO3 Torinese, the Municipality of Bardonecchia, and the Valley's Mountain Unions, organised an in-depth meeting at the Bardonecchia Meeting Centre on the quality of drinking water distributed in the Susa Valley, with particular reference to the presence of PFAS.

Experts from the main public bodies in the sector, the Istituto Superiore di Sanità, ARPA, ASL To3, and SMAT, participated to assess the situation, illustrate the monitoring data collected, and discuss future prospects.

The topic is receiving considerable attention: institutions and SMAT, which are directly involved, are aware of it and have demonstrated that they have been monitoring the phenomenon for some years, despite the limits for Italy coming into force in January 2026.

To this end, the Utilitalia association set up a working group on the evolution of PFAS dynamics, coordinated by SMAT and this will enable us to plan well in advance for the best technological solutions.

G11. Hiring Programme

The recruitment plan in line with Industrial Plan 4.0. continued with a special focus on securing the professional skills needed for the technical-operational processes.

As regards the current year, the most relevant updates are reported below.

Last February, a first selection notice, ref. 1-24, devoted to the figures of 2 Researchers to be included in the Research Centre, was published: the appointment operations of the Selection Committee for the position of Researcher in the Chemical and Biotechnological Area are underway (30 applications received); the other position relating to researchers in the IT area (ICT) was declared unsuccessful.

To date, referring to the 2024 financial year, there have been 18 terminations (of which 8 were due to voluntary resignations, 1 to death, and 9 to retirements) and 26 hirings (of which 2 were following the acquisition of the operational management of the water supply system called Acquedotto Generale delle Valli di Lanzo).

G12. Operational outlook and organisational set-up

In relation to the strong economic containment achieved in energy consumption in previous years, the 2024 financial year will continue to be affected by high energy prices and price increases despite the presence of a

trend in the reduction of prices which, in any case, has not yet led to pre-crisis levels, so much so that the tariff method approved by ARERA foresees new ways of recognising the cost of electricity with a view to increasing efficiency and adapting to high levels of inflation.

The Company will continue to monitor the economic-financial indicators and to make innovative investments designed to ensure resilience to the climate change.

As at now no further effects resulting in deviations from the forecast set out in the ad hoc focus are expected, while the economic-financial analyses conducted so far ensure the sustainability of the investments planes and objectives pursued. No problems affecting business continuity have been experienced and the organisational structure is deemed appropriate.

H. ORGANIZATIONAL MODEL SUPERVISION, ANTI-CORRUPTION AND TRANSPARENCY ENTITY

H1. Supervisory Body

In 2003, SMAT set up a Supervisory Body (Organismo di Vigilanza - OdV), adopted an Organisation, Management and Control (OMC) model as provided for in Legislative Decree 231/2001, and approved its Code of Ethics. Initially composed of a single member, the OdV became a board in 2011. The current Supervisory Board was appointed by the Board of Directors on 07/13/2023, valid until the approval of the 2025 Financial Statements.

The Organizational Model, Supervisory and Anti-Corruption Board for the prevention of administrative breaches constitutes - together with the Code of Ethics and other elements of the corporate governance (Legal Audit, internal auditing, quality certification, labs certification, health and safety and environmental certification), - an effective tool to raise awareness of all subjects that operate on behalf of SMAT so that - in exercising their activities - they adopt behaviours inspired by the ethics of responsibility and in compliance with the provisions of the law.

The Company's code of ethics is based on the belief that the behaviour of top management should reflect a veritable shared style in support of the proper functioning and development of the Company. The most important guarantee to be provided to the shareholders and other stakeholders, in fact, lies in the integrity and the ethical values of the persons who work in the organisation, the managers and those in charge of monitoring and control. The code of ethics (with last update of May 5, 2022) can be found in the company website: www.smatorino.it. The Code of Ethics is handed out to new employees within the Welcome Kit, in the onboarding portal. It was passed on to Board members, Auditors, Managers, Middle Managers and Heads of Departments when the 231 Model update was distributed. On August 1, 2023, the Ethical Code and OMC 231 were distributed to all members of the Board of Directors appointed by the Board of Directors of June 29, 2023.

Also involved in this prevention process are external collaborators and partners: purchasing contracts and orders include a specific obligation to accept and implement the ethical principles contained in the code.

The last update of the OMC dates back to May 5, 2022, following the company's implementation of integrated quality, safety, and environment management and the regulatory innovations introduced in Legislative Decree 231/01, including the introduction of the crime of trafficking in unlawful (L) influence and the provision of tax offences.

The OMC has been updated in order to adapt it to legislative changes, in particular following the introduction of new predicate offences, such as trafficking in unlawful influence and tax offences.

A new update of the OMC is underway following further regulatory updates on 231 matters, including the introduction of crimes against cultural heritage (art. 25 septiesdecies Legislative Decree 231/2001), with reference to the implications referred to in art. 518 duodecies penal code. "Destruction, dispersion, deterioration, disfigurement, soiling and illicit use of cultural and landscape assets" and the entry into force of Legislative Decree 24/2023, which entailed the updating of the Whistleblowing procedure (an integral part of the OMC 231) effective from 7/15/2023, replacing the previous ones.

Further changes regarding 231 (including Disturbed freedom of auctions and Disturbed freedom of the procedure for choosing the contractor) will require a further update of the Model.

The general part of the Model is available on the company website. The "training pills" aimed at illustrating the key concepts of the Decree and making employees aware of how to report anomalies or offenses can be permanently consulted on the employee portal.

H2. Anti-Corruption and Transparency

On July 13, 2023, in order to fulfil the requirements set out in law 190/2012 (corruption prevention) and legislative decree 33/2013 (transparency), the Board of Directors appointed a new Transparency and Anti-Corruption Manager (RPCT) to remain in office until the approval of the financial statements for the year 2025.

As for the protection system for individuals who report irregularities, the reporting of wrongdoing - whistleblowing in 2023 has been adapted to Legislative Decree no. 24/2023, which foresees the use of an IT platform as the preferable way of reporting crimes. The address of this platform is available to all employees on the company website, as is the procedure for managing reports, and it is also communicated to suppliers and collaborators when placing an order or assignment.

On July 29, 2019 the Board of Directors adopted the Consolidated regulations for governing the right of access to administrative documents and the right of access to documents, data and information, published on the corporate website and distributed to employees with a dedicated internal Service Order.

The three-Year Plan for the Prevention of Corruption and Transparency 2023-2025 was prepared and approved by the Board of Directors on January 30, 2023, which was then published and transmitted to all the Directors and Managers of services involved. The "Transparent Company" section in the company website is continuously updated and developed. General employee training was provided in 2023, with remedial sessions for those absent from the 2022 training days and newly hired personnel. At the same time, training pills on administrative responsibility are available on the SMAT portal. Legislative Decree. 231/2001 and Law 190/2012 for all employees to view. The RPCT and the support structure took part in specialised training days. Each year, the RPCT and the Supervisory Board analyse any reports or facts that may point to risks of corruption or administrative offences. If they detect their relevance, they activate the necessary procedures.

H3. Privacy - GDPR

In compliance with Regulation (EU) 679/2016 (General Data Protection Regulation - GDPR), on October 7, 2022, the Board of Directors appointed the new Data Protection Manager, to remain in office until the approval of the financial statements for operating year 2022.

In the course of 2020, a company organisation chart in keeping with the data protection regulation was approved and the Data Controller appointed the data processors. The data processing register pursuant to art. 30 of the Regulation and all information sheets were updated as well as the document on video surveillance and related assignments, and all the employees received training.

During 2021 and 2022, the usual updates (processing register, video surveillance, disclosures, and contracts under Article 28 GDPR 679 /16) were continued.

During 2023, the implementation of activities of both an organisational and technical nature continued, including the customary updates (including but not limited to: Data Processing Register, Video Surveillance, Privacy Notices for the data subjects).

In 2023, in addition to continuing the activities started, the activities of the Data Protection Officer saw the management, in collaboration with the SMAT privacy department, of requests relating to the exercise of the rights of access to one's personal data pursuant to former art. 15 and to oblivion pursuant to former art. 22 by end users, managed within the times and in the manner foreseen by the Regulation.

H4. Certification of the integrated management system for Quality - Environment - Health and safety in the workplace

As at 2020, SMAT S.p.A. has achieved certification of its Integrated Management System, certified by an Accredia-certified body in accordance with the standards:

- UNI EN ISO 9001:2015 (Quality Management System);
- UNI EN ISO 14001:2015 ((Environment Management System);
- UNI ISO 45001:2018 Health and safety in the workplace Management System).

The Integrated Management System is aimed in particular at ensuring:

- compliance with mandatory quality, environmental and safety requirements;
- customer and other stakeholders' satisfaction with the services offered;
- the continuous improvement of its performance, in terms of effectiveness and efficiency of processes, environmental protection and occupational health and safety of all personnel.

Certification entails continuous monitoring of the system's conformity by the responsible corporate function (QSA), as well as annual surveillance by the Certification Body.

During the financial year, there were no deaths at work due to causes attributable to SMAT; furthermore, there were no charges relating to occupational illnesses or mobbing on employees recorded in the sole job register.

H5. Certification of the sustainability of biofuels and bioliquids

In 2020, certification was obtained at the Castiglione T.se site on the sustainability of biomethane production from sewage sludge according to the Decree of November 14, 2019 - National certification system for the sustainability of biofuels and bioliquids, confirmed in 2024.

H6. ISO 22000:2018 Food Safety Management System

This is the certification that concerns the SMAT Water Points installed in the territory of the Metropolitan City of Turin. Achieved in 2017, it is confirmed annually following internal and external audits.

H7. Accreditation for laboratories according to UNI CEI EN ISO/IEC 17025: 2018

SMAT laboratories work in accordance with UNI EN ISO 9001: in pursuing the goals of fostering the maintenance and growth of relationships of trust with customers and users; they have obtained accreditation from ACCREDIA (the Italian Accreditation Body) and work pursuant to standard ISO/IEC 17025: 2018 (the list of tests can be found at www.accredia.it, accreditation no. 0309). Accreditation, first obtained in 2000, entails annual checks by ACCREDIA on the technical and management practices of the laboratories to assess conformity to the requirements of the reference standard and is confirmed every 4 years. The first surveillance visit of the 6th accreditation cycle was carried out in 2021 and passed successfully. In addition, since 2016, the Chemical and Biological Laboratories of the Water Division have been included in the regional list of laboratories performing analyses within the scope of self-control of food companies.

H8. List of SMAT Group branches

Parent Company SMAT S.p.A. and the other subsidiaries exert their own activities in the respective registered offices and in local reference operations, no group branches ex-art. 2299 of the Italian Civil Code are entered.

I. RELATIONSHIPS WITH RELATED PARTIES

As related to the relations developed with the related parties, as defined in art. 2428, paragraph 2, no. 2 of the Italian Civil Code, we highlight herein under the main operations Parent Company SMAT S.p.A. has developed with them.

I1. Relations with the City of Turin

In relation to the City of Turin, regarding the shares held (directly or indirectly), in the amount of 63.54%, as at the date of this Financial Statements, the following relations exist, as a result of transactions operated in standard market conditions:

	Receivables	Trade	Costs	Revenues
CITY OF TURIN	1,173,030	763,175	1,853,481	4,479,043

As related to the composition of the receivables from the City of Turin, the most significant items concern the supply of the Integrated Water Service (invoices issued or to be issued for approx. EUR 1,019 million), and other activities and services (invoices issued or to be issued for approx. EUR 148,000).

As related to the composition of the payables to the City of Turin, the item consists of the 2023 instillments of the Local Authority Fees deliberated by Ente d'Ambito n. 3 Torinese for the fiscal year that is being closed and for a total amount of approx. EUR 763,000.

The evolution of the amounts receivable from and payable to the City of Turin is a consequence of the reciprocal payments made at the stipulated deadlines.

The revenues are reported at the net amount of EUR 3,717 million in reference to the 50% rate reduction established for public use users applied in 2023.

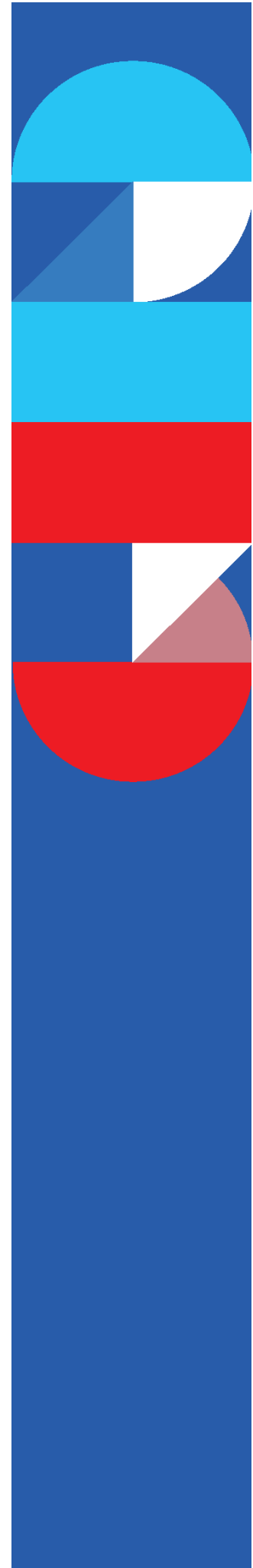
I2. Relations with the subsidiaries and associates

As regards the companies of the Group which are to be considered as subsidiaries and/or associates in compliance with article 2359 c.c., as at the date of these Financial Statements there were the following relations, deriving from transactions operated in standard market conditions or by specific or general agreements to regulate the exchange of services between the parties:

	Receivables	Trade	Costs	Revenues
RISORSE IDRICHE S.p.A.	1,397,443	3,589,899	3,900,070	644,746
AIDA AMBIENTE S.r.l.	222,370	109,778	1,672,932	261,239
SAP S.p.A. UNDER LIQUIDATION	20,000	16,380	0	40,000
Total	1,639,813	3,716,057	5,573,002	945,985

CONSOLIDATED FINANCIAL STATEMENT SMAT GROUP

IAS/IFRS FRAMEWORKS
NOTES TO THE ACCOUNTS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro	Remarks	12/31/2023	12/31/2022
ASSETS			
Non-current assets			
Tangible fixed assets	1	140,958,398	139,762,438
Goodwill	2	5,928,005	5,928,005
Other intangible assets	3	2,999,513	2,820,860
Assets under concession	4	884,673,089	807,450,061
Shareholdings	5	11,662,906	11,649,593
Deferred tax assets	6	23,838,381	22,503,513
Non-current financial assets	7	1,408,035	1,369,572
Other non-current assets		0	0
Total non-current assets		1,071,468,327	991,484,042
Current assets			
Inventory	8	9,516,760	8,242,024
Trade receivables	9	239,759,196	250,768,315
Current tax assets	10	5,473,320	3,331,712
Current financial assets	11	19,438	84,741
Other current assets	12	8,463,571	25,148,425
Cash and cash equivalents	13	111,455,195	125,075,278
Total current assets		374,687,480	412,650,495
Assets intended for sale		0	0
TOTAL ASSETS		1,446,155,807	1,404,134,537

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro	Remarks	12/31/2023	12/31/2022
NET EQUITY AND LIABILITIES			
NET EQUITY			
Share capital		345,533,762	345,533,762
Legal reserve		27,887,553	25,808,344
Reserve restricted for PEF implementation		344,944,872	313,340,899
FTA reserve		(2,845,993)	(2,845,993)
Other reserves and retained earnings		5,103,871	5,165,025
Operating profit due to Parent Company shareholders		41,613,345	41,677,398
TOTAL NET EQUITY OF THE PARENT COMPANY		762,237,410	728,679,435
Other reserves of Third Party Competence		465,092	404,998
Operating profit due to Third Party Competence		90,173	64,773
TOTAL NET EQUITY		555,265	469,771
TOTAL NET EQUITY	14	762,792,675	729,149,206
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	253,089,707	345,361,084
Provisions for employee benefits	16	9,860,193	10,251,580
Provisions for risks	17	18,971,220	22,383,106
Deferred tax liabilities	18	292,530	293,039
Other non-current liabilities	19	84,820,535	82,046,731
Total non-current liabilities		367,034,185	460,335,540
Current liabilities			
Current financial liabilities	15	139,406,877	20,544,197
Trade payables	20	102,661,767	101,978,584
Current tax liabilities	21	3,699,552	8,096,857
Other current liabilities	22	70,560,751	84,030,153
Other current financial liabilities		0	0
Total current liabilities		316,328,947	214,649,791
Liabilities intended for sale		0	0
TOTAL LIABILITIES		683,363,132	674,985,331
TOTAL NET EQUITY AND LIABILITIES		1,446,155,807	1,404,134,537

CONSOLIDATED INCOME STATEMENT

	Remarks	2023	2022
REVENUES			
Revenues	23	371,063,942	360,708,294
Revenues for planning and construction activities	24	107,102,379	97,264,788
Other revenues	25	27,512,771	23,478,206
Total revenues		505,679,092	481,451,288
COSTS			
Consumption of raw materials and consumables	26	19,060,225	15,024,266
Costs for leased assets and services	27	147,152,352	140,802,926
Payroll costs	28	63,230,959	62,512,960
Other operating expenses	29	25,076,045	22,711,291
Costs for planning and construction activities	30	103,137,269	93,719,326
Total operating costs		357,656,850	334,770,769
Gross operating margin		148,022,242	146,680,519
Depreciation, provisions and write-downs	31	(95,222,613)	(91,177,788)
Operating income (EBIT)		52,799,629	55,502,731
Financial income	32	9,782,811	3,926,140
Financial expense	33	(7,782,560)	(4,306,979)
Total financial management		2,000,251	(380.839)
Result before taxes		54,799,880	55,121,892
Income Taxes	34	(13,096,362)	(13,379,721)
PROFIT (LOSS) FOR THE YEAR		41,703,518	41,742,171
Of which			
belonging to non-controlling interests		90,173	64,773
Belonging to the parent company		41,613,345	41,677,398

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Remarks	2023	2022
A. Profit for the year	41,703,518	41,742,171
Current profit (loss) on Severance Fund	(187,072)	2,092,094
Fiscal effect on Profits/(losses) that will not later be reclassified in the Income Statement	0	0
B. Profits/(losses) entered directly under Net Equity and that will not later be reclassified in the Income Statement	(187,072)	2,092,094
Share of other profits/(losses) by the Enterprises assessed by the Net Equity method	0	0
Fiscal effect on profits/(losses) that will later be reclassified in the Income Statement when certain conditions will be met	0	0
Profits/(losses) entered directly under Net Equity that will not later be reclassified in the Income Statement	0	0
D. Total profit for the year (A + B + C)	41,516,446	43,834,265
Of which		
belonging to non-controlling interests	85,494	120,027
Belonging to the Parent company	41,430,952	43,714,238

CONSOLIDATED CASH FLOW STATEMENT

Euro	Remarks	2023	2022
A Financial flow of operating assets		129,128,090	131,225,178
Net Profit (loss) for the year		41,703,518	41,742,171
Adjustments for non-monetary costs and revenues			
Amortization of intangible assets		2,066,530	1,917,297
Depreciation of tangible assets		13,760,180	14,868,035
Depreciation of assets under concession		67,028,610	60,805,979
Increase/(Decrease) of the provisions for contingencies and charges		(3,411,886)	6,196,359
Increase/(Decrease) in provisions for employee benefits		(391,387)	(2,845,164)
Change in advance deferred taxes		(1,335,377)	(5,063,796)
Change in other non-current assets/liabilities		2,735,341	29,341,892
Change in Net Equity reserves			
Difference in conversion		0	0
Actuarial profit and loss		4,679	(55,254)
Other movements		(191,547)	2,147,339
Change in net working capital			
(Increase)/Decrease in trade receivables		11,009,119	(25,630,016)
(Increase)/Decrease in other assets		14,608,570	(22,474,874)
(Increase)/Decrease in inventory		(1,274,736)	(784,708)
(Increase)/Decrease of the trade payables		683,183	19,504,422
Increase/(Decrease) in other liabilities		(17,866,707)	11,555,496
B. Financial flows of investment assets		(161,466,274)	(110,679,260)
Disinvestments /(investments) of intangible fixed assets		(2,245,183)	(2,636,400)
Disinvestments/(investments) of tangible fixed assets		(14,956,140)	(11,041,141)
Disinvestments /(investments) of assets under concession		(144,251,638)	(96,930,875)
Changes in the investments		(13,313)	(70,844)
Changes in the consolidation area			
C. Financial flows of financial assets		18,718,101	57,519,571
Cash from the issue of share capital		0	0
(Purchase)/Release of shares		0	0
Change of the financial payables		26,216,305	67,568,788
Other changes in financial liabilities		374,998	(3,585,417)
(Dividends paid)		(7,873,202)	(6,463,800)
D. Net flow generated by the management (A ± B ± C)		(13,620,083)	78,065,489
E. Initial liquid assets		125,075,278	47,009,789
F. Final liquid assets (D ± E)		111,455,195	125,075,278

CONSOLIDATED CHANGES IN NET EQUITY

(Units in Euro)	12/31/2021	Allocation of result	Distribution of Profit	Other movements	Result for the year	12/31/2022
Share capital	345,533,762			0		345,533,762
Legal reserve	24,098,579	1,709,765				25,808,344
Reserve restricted for PEF implementation	287,352,460	25,988,439				313,340,899
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings:						
• <i>Optional reserve</i>	34,342,561			0		34,342,561
• <i>Consolidation reserve</i>	5,026,588			0		5,026,588
• <i>Severance actualization reserve</i>	(619,887)			55,254	2,036,840	1,472,207
• <i>Negative reserve for own shares in portfolio</i>	(32,993,211)			0		(32,993,211)
• <i>Reserve for rounding up</i>	5			(9)		(4)
• <i>Retained earnings</i>	(3,011,900)	6,847,840	(6,463,800)	(55,256)		(2,683,116)
Total other reserves and retained earnings	2,744,156	6,847,840	(6,463,800)	(11)	2,036,840	5,165,025
Operating income	34,546,044	(34,546,044)			41,677,398	41,677,398
TOTAL NET EQUITY OF THE GROUP	691,429,008	0	(6,463,800)	(11)	43,714,238	728,679,435
Capital & reserves of non-controlling interests	330,483	19,260		1	55,254	404,998
Profit of non-controlling interests	19,260	(19,260)			64,773	64,773
TOTAL EQUITY OF NON-CONTROLLING PARTIES	349,743	0	0	1	120,027	469,771
TOTAL CONSOLIDATED NET EQUITY	691,778,751	0	(6,463,800)	(10)	43,834,265	729,149,206

(Units in Euro)	12/31/2022	Allocation of result	Distribution of Profit	Other movements	Result for the year	12/31/2023
Share capital	345,533,762			0		345,533,762
Legal reserve	25,808,344	2,079,209				27,887,553
Reserve restricted for PEF implementation	313,340,899	31,603,973				344,944,872
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings:						
• <i>Optional reserve</i>	34,342,561			0		34,342,561
• <i>Consolidation reserve</i>	5,026,588			0		5,026,588
• <i>Severance actualization reserve</i>	1,472,207			(4,679)	(182,393)	1,285,135
• <i>Negative reserve for own shares in portfolio</i>	(32,993,211)			193		(32,993,018)
• <i>Reserve for rounding up</i>	(4)			11		7
• <i>Retained earnings</i>	(2,683,116)	7,994,216	(7,873,202)	4,700		(2,557,402)
Total other reserves and retained earnings	5,165,025	7,994,216	(7,873,202)	225	(182,393)	5,103,871
dep	41,677,398	(41,677,398)			41,613,345	41,613,345
TOTAL NET EQUITY OF THE GROUP	728,679,435	0	(7,873,202)	225	41,430,952	762,237,410
Capital & reserves of non-controlling interests	404,998	64,773			(4,679)	465,092
Profit of non-controlling interests	64,773	(64,773)			90,173	90,173
TOTAL EQUITY OF NON-CONTROLLING PARTIES	469,771	0	0	0	85,494	555,265
TOTAL CONSOLIDATED NET EQUITY	729,149,206	0	(7,873,202)	225	41,516,446	762,792,675

SMAT GROUP NOTES TO THE ACCOUNTS

We report herein under the main criteria and accounting principles applied in setting and drafting the consolidated financial statement of the Group (the Consolidated Financial statement) Such accounting principles have been applied consistently for all the fiscal years reported in this document.

Principles for preparation of the financial statement

European (CE) Regulations no. 1606/2002 of July 19, 2002 introduced the obligation, starting from fiscal year 2005, to apply the International Financial Reporting Standards ("IFRS"), as amended by the International Accounting Standards Board ("IASB"), and adopted by the European Union ("IFRS" or "International Accounting Principles") for the drafting of the statements of account of the companies holding capital and/or debt shares quoted in one of the markets regulated by the European Community. On April 13, 2017, SMAT issued a bond loan for a rated amount of a EUR 135 million subscribed by institutional investors and it provided for quotation at the Irish Stock Exchange. In compliance with the aforementioned legislative provisions, SMAT is therefore supposed to draft the consolidated and fiscal year financial statement in compliance with the IFRS starting from the fiscal year closed on December 31, 2016.

This statement of account is therefore drafted in compliance with the IFRS in force at the date of its approval. IFRS means the new International Financial Reporting Standards, the reviewed international accounting principles ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly named Standing Interpretations Committee ("SIC"), certified and adopted by the European Union.

The Financial Statements schedules and the accounting information reported in the Explanatory Notes comply with the book entries they directly derive from. The IFRS were applied in coherence to all the periods presented in this document.

The statement of account prospectus, as provided for in IAS 1, reports by appropriate comparison the indication of the previous year values. Where required, the data of the previous fiscal year have been suitably adapted in order to ensure the appropriate comparison.

This statement of accounts has been set in the perspective of corporate continuity and on the bases of the contractual criteria of the historical cost, except for some book entries, which are detected at the fair value, in compliance with the provisions contained in the International Accounting Principles.

Structure and contents of the financial statement

The diagram used for the profit and loss account is in scale with the different items analysed according to their type. We believe this presentation, which is aligned with international procedure, is the one that best represents the company results. The total Income Statement is presented, as allowed by the revised IAS 1, in a document separate from net equity, and distinguishes between the components that can be reclassified in the Income Statement and those that cannot. The other components of the total Income Statement are highlighted separately also in the schedule of the net equity changes. The diagram of the equity and financial positions highlights the separation between the current and non-current assets and liabilities. The financial reporting is drafted according to the indirect method, as allowed by IAS7.

The general principle adopted in drawing up this financial statement is cost, except for the financial assets and liabilities (including the derivative instruments) which are assessed at fair value. The preparation of the Financial Statements has required the use of estimates by the management; the main areas characterized by particularly significant assessments and assumptions, together with those that have remarkable effects on the situations presented, are reported in section "Use of Estimates". All the accounting prospects of the equity and financial status and of the Income Statement are expressed in EUR unit, as are the data entered in the explanatory comments, except when it is otherwise indicated.

Consolidation criteria

Below we have shown the principles adopted for elaborating the consolidated financial statement.

1. CONSOLIDATION AREA AND REFERENCE DATA

This consolidated financial statement includes - besides the Financial Statements of Parent Company SMAT S.p.A. - the statements of account of its Subsidiaries (such statements of accounts, approved by the respective

Boards of Directors, have been amended/reclassified as appropriate in order to make them homogeneous to the financial statement drafting standards of the Parent Company and consistent to the drafting standards of the international accounting principles (IAS/IFRS). The control is in force when the parent company has the power to manage the activities relevant to the company and is exposed to the variability of the results.

The statements of account are included in the consolidated financial statement starting from the date the control is taken until such control ceases to exist.

The joint control agreements can be classified as (i) "shareholding in joint ventures" if the Group has rights on the net assets of the agreement such as - for instance - in case of companies with their own legal personality, or (ii) "joint control activities" the Group has rights on the assets and obligations on the liabilities relevant to the agreements. The classification of the agreements is based upon the analysis of the same rights and obligations.

The companies on which a "remarkable influence" is exerted have been assessed with the "net equity method"

Besides Parent Company SMAT S.p.A., the consolidation area includes:

- Company **Risorse Idriche S.p.A.**, where the Parent Company has direct control (91.62%) in compliance with article 2359 of the Civil Code;
- Company **AIDA Ambiente S.r.l.**, where the Parent Company has direct control (51.00%) in compliance with article 2359 of the Civil Code;

There are no discrepancies in the closing dates of the Financial Statements of the enterprises the Group consists of.

The participating interest in **SAP S.p.A. under Liquidation** where the Parent Company exerts joint control together with company IRETI S.p.A, respectively at 47.55% , has been assessed with the Net Equity method.

2. CONSOLIDATION PRINCIPLES

We represent hereinafter the criteria adopted by the Group for the definition of the consolidation area and of the relevant consolidation principles.

Integral consolidation

Consolidation by the "integral method" essentially consists of taking up the assets and liabilities, costs and revenues of the consolidated companies, irrespectively on the size of the shareholding held and allocating the Third-party shareholders - in a purposely-allocated item of the Net Equity called "Equity and reserve of third parties" - the share of profit and reserves of their competence.

Companies Risorse Idriche S.p.A. and AIDA Ambiente S.r.l. are consolidated through the full integration system.

The asset and liability elements, as well as the revenues and charges of the aforementioned companies are taken in full (line by line).

Elision is applied to:

- a) shareholdings in subsidiaries and their corresponding fractions of Net Equity held by the Parent Company, allocating the different asset and liability elements the current value at the date control is acquired; any difference, if positive, is reported, if there are the conditions for it, in the "Goodwill" asset item and reported in the Income Statement if negative,
- b) receivables and payables between companies included in the consolidation area;
- c) profits and charges relevant to operations performed between said companies,
- d) profits and charges resulting from operations performed between such companies and relevant to values included in the equity;
- e) charge off of the dividends cashed by consolidated companies.

In particular, the consolidation procedure required the elision of the charging values of the shareholdings and the corresponding shares of Net Equity in the subsidiaries. Such elision has been implemented in the accounting values referred to the date where the subsidiaries have been included for the first time in the consolidation (for Risorse Idriche S.p.A. at December 31, 2004, for AIDA Ambiente S.r.l. at December 31, 2009).

In past fiscal years, such elision determined for:

- **Risorse Idriche S.p.A.** a greater value of the shareholding in 2004, which was computed into the consolidated financial statement - to the Net Equity - in an item denominated "Consolidation reserve" and amended in 2007, further to the increase in the control percentage (from 83.67% to 91.62%) with computing to the consolidated financial statement amongst the intangible assets in an item denominated "Consolidation Difference";
- **AIDA Ambiente S.r.l.** no difference.

The greater/lower price paid from the corresponding fraction of payment, deriving from the acquisition of further company shares is computed as reduction/increment of the net equity.

The acquisitions of controlling shareholding that occur within the same Group (i.e. "business combinations under common control") are calculated in value continuity .

Elimination of the intra-group profits/losses

For the purposes of the consolidated financial statement, the economic result of the Group only derives from transactions involving third parties.

The profits/losses deriving from intra-group transactions - where existing - are eliminated within the consolidation process, sharing the adjustment proportionally between the share relevant to the Group and the one related to Third Parties, taking also into account the tax effects.

Evaluation of the shareholding through the Net Equity method

The shareholding is initially detected at cost and the accounting value is increased or reduced to identify the share belonging to the controlling company, of the profits and losses of the subsidiary that are achieved after the date of acquisition. Any goodwill included in the value of the participating interest is subject to "impairment test". The cost of acquisition is allocated to the pro-rate of the assets and liabilities *fair value*, as they can be identified, of the related companies or *joint ventures*, and the difference to goodwill. The share of the fiscal year of the subsidiary of competence of the controlling company is identified in the profit and loss account of the latter, with the exception of the effects relevant to other variations in the subsidiary net equity, different from the operations with the shareholders, which are directly reflected in the total Income Statement of the Group. In case of any losses exceeding the loading value of the shareholding, the part in excess is identified in a purposely-allocated passive fund insofar the parent company is committed to comply with the legal obligations or in those that are implicit to the subsidiary or in any case to cover its losses.

The dividends received by a subsidiary reduce the accounting value of the shareholding.

Valuation criteria

Tangible fixed assets

The tangible assets are identified at the purchase or production cost including the accessory charges, or at the value based on appraisals of the company equity, in case of acquisitions of companies, net to the relevant depreciation fund and to any losses of value. The production cost included the direct and indirect costs for the share that can be reasonably ascribed to the assets (e.g.: personnel costs, transport, customs duties, expenses for the preparation of the area of installation, testing costs, notary and land register expenses) The cost includes any professional fees and - for some goods, the financial charges capitalized up to the coming into service of the good. The cost includes any cost for site reclaiming, on which the tangible asset lays, complies with the provisions of IAS 37.

The expenses for the ordinary maintenance are fully charged to the Income Statement. The costs for improvements, modernization and transformation of incremental nature are computed to the capital assets.

The accounting value of the tangible assets is submitted to verification to identify any losses of value, in particular when events or changes of condition identify that the charged value cannot be recovered.

The tangible assets are entered gross to the system revenue grants which are identified in the Income Statement throughout the period of time required to refer them to the relevant costs; they are represented in the equity and financial status by reporting the grant as deferred revenue.

The depreciation starts when the assets enter the production cycle and - for the new acquisitions - it is calculated at 50% of the full rate part, since it is considered as representative of the actual use of the goods. The current assets include the costs relevant to intangible assets whose economic utilization process has not started yet. The tangible assets are systematically depreciated every fiscal year based on economic and technical rate parts that are considered as representative of the residual potential of use of the assets. In the Notes

to the Accounts are detailed the tables with the depreciation rate parts that have been taken into account for the depreciation of the assets.

As required by IAS 16, the estimated useful lifespan of the tangible assets is reviewed every fiscal year, in order to assess the need of an overhaul. In case it is ascertained that the estimated useful lifespan does not represent as appropriate the future expected benefits, the relevant depreciation plans must be redefined based on the new assumptions. Such changes are reported in a prospect to the Income Statement.

During the fiscal year that has been closed, no change was reported in the depreciation plans for any of the categories of tangible assets.

The land is not depreciated,

“Assets under construction and payments on account” includes payments to suppliers for advances concerning the acquisition of tangible fixed assets

Pursuant to accounting principle IFRS 16 - Leases, since January 1, 2019, for leases previously classified as operational, the Group recognises:

- financial liability, equal to the current value of future residual payments on the date of transition, implemented using the applicable incremental borrowing rate on the date of transition for each contract;
- usage right equal to the value of financial liability on the date of the transition, net of any accruals and deferrals in the statement of assets and liabilities on the date of closure for this balance sheet.

The profits or losses that derive from the alienation or dismissals of a tangible asset are identified as the difference between the sale revenue and the net accounting value of the asset and they are identified in the Income Statement at the moment the buyer is transferred the risks and benefits connected to the ownership of said asset.

Goodwill and other intangible fixed assets

The identifiable controllable intangible assets are identified in the accounting; their cost can be reliably determined provided that such activities generate economic benefits in the future. Such assets are identified at cost value in compliance with the criteria indicated for the tangible assets and - if their useful lifespan is defined - they are depreciated throughout the period of such estimated lifespan. The depreciation starts at the moment the asset is ready to be used or - in any case - it starts producing economic benefits for the enterprise. The current assets include the costs relevant to intangible assets for which the economic utilization process as not started yet.

The intangible assets with defined useful lifespan are systematically depreciated starting from when the asset is available for use throughout the period of expected usefulness. The intangible assets with defined useful lifespan are systematically depreciated starting from when the asset is available for use throughout the period of expected usefulness. The goodwill and the other activities whose useful lifespan is not defined are not subject to systematic depreciation, but they are subject to yearly verifications of recoverability (the so-called impairment test) rung at the level of the individual Cash Generating Unit (CGU) or groups of CGU's whose indefinite useful lifespan assets can be reasonably allocated. The test is described hereinafter in "Reduction of the value of the assets". Any write-down ascribed to goodwill cannot be subject to subsequent return to default values.

The goodwill acquired against payment at the time of the disposal of company branches SAC (January 1, 2014) and SAP (July 1, 2015) was reallocated during the year, also as a result of the management strategies introduced and the redefinition of the Business Plan (PEF), whereby the entire company is conceived as the cash-generating unit or the operating unit aimed at recovering the value recorded. This goodwill is not amortised, but it is submitted every year to the so-called impairment test.

The intangible assets identified as a result to an aggregation of companies are reported separately from the goodwill, if their fair value is reliably determined.

The profits or losses that derive from the alienation of an intangible asset are identified as the difference between the dismissal value and the loading value of the asset and they are identified in the Income Statement at the moment the buyer is transferred the risks and benefits connected to the ownership of said asset.

Assets under concession

The concessions mainly consist of rights relevant to networks, systems and other equipment relevant to the Integrated Water Service given under license to SMAT Spa and which are functional to the management of such service. Such licenses are classified in a purposely-allocated item according to the interpretation IFRIC 12 – Service Concession Arrangements. As far as the depreciation is concerned, IFRIC provides that the latter is

calculated on the basis of what is stated in the agreement and - in particular - in a constant measure for the shorter period of time between the technical and economic lift of the assets given in license and the duration of the license itself, until the takeover value provided for in the license agreement is achieved.

In particular, the value of the right of use of the public assets of the waterworks of the City of Turin and of C.I.A.C.T., which are defined in compliance with the expert appraisal of transfer, have been reported in this Financial Statements on the basis of the duration of the relevant agreement deed extended by Ente d'Ambito Torinese n. 3. The depreciation of the improvements made to said assets after the transfer date have been determined based on the estimated economic and technical useful lifespan. The depreciations on the improvements made to the well systems entrusted in direct management to the Company have been determined with reference to the estimated economic and technical useful life of the improvements made.

The extension of the waterworks system of the City of Turin, received under a license agreement and for which it was established in the previous license contract by the City of Turin to AAM Torino S.p.A. (now liquidated) to be devolved free of charge at the end of the license have been depreciated on the basis of the estimated economic and technical life of said extension.

The extension includes the rights on networks, systems and other equipment relevant to the Integrated Water Service and connected to services managed by SMAT S.p.A. The implementation of 'IFRIC 12 has required the application to the same infrastructures - of IAS 11, since, if the licensee builds or upgrades an infrastructure it does not control, the relevant services of building and upgrading developed on behalf of the licensor are considered as actual activities developed against purchase order. Since a large part of the activities is sub-contracted and that the margin of benefit acknowledged in the remuneration of the service rate cannot be identified separately on the building activities that were developed in-house, such infrastructures are identified based on the cost that was actually sustained.

The cost includes any cost for site reclaiming, on which the tangible asset lays, complies with the provisions of IAS 37.

The item "Assets under construction and payments on account" includes costs incurred for the acquisition or in-house production of intangible assets, mainly works realised on the concession network that have not yet entered into operation, and includes payments to suppliers for advances concerning the acquisition of intangible assets.

Shareholdings

Shares in partner companies are accounted using the net equity method, starting from the date when significant impact begins and up to the moment when this significant impact ceases.

Shares in other companies are valued at fair value in accordance with the other components in the comprehensive financial statement. Shares held exclusively for the purpose of subsequent alienation are excluded from this approach, and their fair value is inserted in the profits (losses) of the fiscal year. The risk deriving from any losses exceeding accounting value of the shareholding is identified in a purposely-allocated fund insofar the parent company is committed to comply with the legal obligations or in those that are implicit to the subsidiary or in any case to cover its losses.

To ensure the correctness of the recorded value, the shares in partner companies and other companies were subjected to the impairment test. Operationally, for the purpose of this test, the accounted value of reference for these shares was determined and then compared with the recoverable value identified through valuation performed by an external independent expert.

In case the share of competence of the Company of the losses in the participating interest exceeds the accounting value of the participating interest, the value of the participating interest is zeroed and the share of any further losses is identified as a liability fund in case the Company is obliged to respond to it.

The dividends received are recognized in the Income Statement once the right to receive the relevant payment is established. In case the related company has distributed dividends, also the following aspects are considered as potential indicators of loss of value:

- The reported value of the participating interest exceeds the accounting value in the consolidated balance sheet of the net assets of the related company, including the relevant goodwill;

- The dividend exceeds the overall value of the profit and loss account in the period of time the dividend refers to.

The financial assets the Company intends to and can keep until the expiry are reported at the cost represented by the fair value of the initial amount given in exchange, incremented by the transaction cost. As a result of the initial identification, the financial assets are assessed through the criteria of depreciated cost, using the method of the actual interest rate.

Non-current financial assets

Such category includes those assets that are not represented by derivate instruments and are not quoted in an active market, of which fixed or identifiable payments are expected. Such assets are assessed at the depreciated cost based on the actual interest rate method. If there is objective evidence of the value loss indicators, the value of the assets is reduced in such a measure to result equal to the discounted value of the flows that can be obtained in the future: the losses of value determined through the impairment test are reported in the Income Statement. If the reasons of the previous write-downs no longer stand in subsequent periods, the value of the assets is resumed until it reaches the value that would derive from the application of the depreciated cost if the impairment had not been performed. Such assets are classified as current assets, except the shares whose expiry is longer than 1 month, which are included amongst the noncurrent assets.

Inventory

The inventory is assessed at the lowest value between the average weighed cost for the movement and the corresponding market value, in order to reflect any conditions of technical obsolescence or low turnover, as reported in the purposely-allocated Write-down Fund taken to direct reduction of the inventory to take the cost back to the value that is expected to be achieved.

Receivables

The credits are initially computed at the "fair value" and - then - at the depreciated cost, where it is significant, using the actual interest rate, reduced for losses of value. The losses of value of the credits are reported in the Income Statement when objective evidence is detected that the Group shall not be able to recover such credit. The amount of the write-down is measured as the difference between the accounting value and the current value of the expected future financial flows. The value of the credits is reported in the financial statement net of the credit write-down fund.

With reference to the impairment test, the IFRS 9 principle – Financial Instruments: recognition and measurement - of the year 2018 requires that the estimate of the losses on credits is performed on the basis of the expected losses model (instead of on the model of the incurred losses utilized by IAS 39) using supportable information, available without charges or unreasonable efforts that required historical, current and perspective data; The principle foresees that the impairment model is applied to all financial instruments, or to financial activities valued at the amortized cost, to those valued at fair value , to credits derived from rental contracts and commercial credits. The Group has developed a credit analysis model whereby it also takes into account receivables not yet overdue in establishing the provision for bad debts, and determines the write-downs to be applied to the different types of receivables past due.

Financial assets and other current assets

They are initially reported at the "fair value" (including the costs incurred for the acquisition/emission) at the date of the transaction. Then, they are assessed at the depreciated cost, using the actual interest rate criteria, wherever it is significant and assimilating any losses of value into the Income Statement.

Industry information

The information relevant to the sectors of activity was arranged in compliance with the provisions of IFRS 8 "Operational sectors", which include the submittal of the information in compliance with the modes adopted by the management for the operational decision-making.

Therefore, the identification of the sectors of operation and the information submitted are defined based on the internal reporting used by the management for the allocation of the resources to the different segments and for the analysis of the relevant performance.

A sector of operations is defined by IFRS 8 as a component of a body that : I) undertakes entrepreneurial activities that generate cost and revenue (including the revenues and costs concerning operations with other components of the same body); II) whose operational results are regularly reviewed at the highest operational

decision-making level of the body for the purposes of the adoption of decisions as related to the resources to be allocated to the sectors and of the assessment of the results; III) for which separate information is available in the financial statement.

The management has identified only one operational sector, into which all the main services and products supplied to the customers flow, since the activity of the company consists of the management of the Integrated Water Service which is no further broken down at the level of the internal strategic reporting.

Cash and cash equivalents

The liquidity includes the cash on hand, also in the form of checks, and on demand bank deposits. The equivalent means consist of financial investments with a three-month expiry or lower (as from the date of their purchase), which can be promptly converted into liquidity and with an insignificant risk of variation in their value. Such items are calculated at fair value; profits or losses deriving from any changes in the fair value are reported in the Income Statement.

Own shares

Own shares are stated at purchase cost. Also the counter value deriving from their release is reported with net equity counterpart, with no computing into the Income Statement.

Provisions for risks contingencies and charges, benefits to the employees

The provisions for contingencies and charges concern charges of a determined nature and whose certain or likely existence that - at the date the Financial Statements is being closed - are undetermined as far as the amount or the date of occurrence are concerned. The provisions are identified when: The provisions are identified when: (i) the existence of a current, legal or implicit obligation deriving from a past event, is likely; (ii) the compliance with subject obligation is likely to be burdensome; (iii) the amount of the obligation can be reliably estimated.

The provisions to the funds represent the best estimate of the costs required to face compliance at the date of the Financial Statements (assuming there are sufficient elements to run such estimate) and they are actualized when the effect is significant, and the required information is available. In such cases, the provisions are determined by actualizing the future cash flows at a discount rate before taxes that reflects the current market assessment and take into account the risks connected to the company activity. When the actualization is performed, the increment of the provisions due to time is reported in the financial charges. If the liabilities are due to material activities (e.g.: revamping of sites) the fund is reported in counterpart to the activity it refers to and the identification of the charge in the Income Statement is performed through the depreciation process of the tangible asset the charge refers to. In case of redefinition of the liabilities, the methods provided for by IFRIC 1 are applied.

The explanatory notes also illustrate potential liabilities represented by; (i) potential - though not likely - obligations deriving from past events, whose existence shall only be confirmed upon occurrence of one or more uncertain future events that are not under the full control of the Company; (ii) current obligations deriving from past events, whose amount cannot be reliably estimated or whose compliance with is likely not to be onerous.

Benefits to the employees (Severance pay)

The liabilities relevant to the defined benefit programs (such as the Severance pay for the amount accrued before January 1, 2007 and the other benefits for the employees) are defined net to any activities at the service of the plan, on the basis of current assumptions and by competences, consistently with the working performance required to obtain such benefits; the assessment of the liabilities is performed with the support of independent actuaries. The value of the current profits and losses is reported into the other components of the total Income Statement. Further to Financial Law of December 27, 2006 n° 296, for companies having more than 50 employees, as related to shares accrued starting from January 1, 2007, the Severance Pay is configured as a plan with defined contributions.

Trade payables and other liabilities

Trade payables and other debts are initially reported at fair value, net of the accessory costs of direct computing, and they are then detected at the depreciated cost, where significant, applying the criteria of the actual interest rate.

Costs and revenues

The costs and revenues are reported net of the amended items, i.e. returns, discounts, reductions and any estimate changes. They are identified at the moment the customer is transferred the control of the product sold, i.e. as related to the services, in the accounting period they are rendered.

In particular, as far as the revenues are concerned:

- The revenues for service performance are acknowledged at the date the performance is completed;
- Revenues for the sale of water acknowledged and counted at the time of delivery, including the allocation for deliveries made, but not yet invoiced (estimated according to historical analyses determined in relation to past consumption);
- Revenues for the sale of products are acknowledged at the moment the customer is transferred control of the product sold, generally corresponding to the delivery or shipment of the goods.

The costs are accounted for according to the accrual principle.

Grant for Plants

The grants for plants are reported in the accounts once there is the justification documentation of the imminent collection by the paying body. These concur to form the result of the fiscal year according to the rules of economic accrual, determined as related to the residual economic and technical lifespan of the assets they refer to.

Financial income and expenses

Financial proceeds and charges are calculated according to the accrual principle. The dividends of other companies are recorded in the Income Statement in the moment in which the right to receive payment has been established.

Income tax for year

Income tax for the year consists of the sum of current and deferred taxes. Income tax is based on profit for the year before taxes. Profit before taxes differs from the result entered in the Income Statement since it excludes positive and negative components that will be taxable or deductible in other fiscal years and - furthermore - it excludes items that will never be taxable or deductible. "Liabilities for current taxes" are calculated using the rates in force as at the date of the Financial Statements. In determining the income taxes, the Company has taken into due consideration the effects deriving from the last fiscal reform introduced by Law no. 244 of December 24, 2007 and - in particular - the strengthened principle of derivation established by art. 83 of TUIR, which requires the entity applying the international accounting principles to apply, even in exceptions to the provisions of the TUIR, "the criteria of qualification, temporary computing and classification of the Financial Statements according to said accounting principles".

Deferred taxes are calculated as related to the temporary differences in the taxation and are entered under "Deferred tax liabilities". Deferred tax credits are calculated to the extent in which it is deemed probable the existence, in the fiscal years during which the relevant temporary differences will spill over, of a taxable income at least equal to the amount of the differences which will be annulled. The deferred and anticipated taxes are determined on the basis of the tax rates expected to be applicable in the fiscal year in which the tax credit will be realized or the tax debt will be extinguished, on the basis of the tax rates defined by measures in force or substantially in force as at the reference date of the financial statement. Such changes are entered under either the Income Statement or under net equity, as related to the computing made at the origin of the reference difference.

Impairment test

The accounting values of the Group activities are assessed at every reference date of the statement of account, in order to determine whether there are indications of value reductions, in case you proceed to the estimate of the recoverable value of the activity A loss by value reduction (impairment) is recorded in the Income Statement when the accounting value of an asset or of a unit that generates financial flows exceeds the recoverable value.

The recoverable value of the non-financial activities corresponds to the greatest value between their "fair value" net to the sale cost and the value in present use. To determine the value in present use, the estimated future financial flows are actualized using a discount rate that reflects the market assessment of the money value and of the risks related to the type of activity. In case of activities that do not generate financial flows in

input, that are widely independent, we proceed by calculating the recoverable value of the unit that generates financial flows to which the asset belongs.

When, subsequently, a loss on assets other than goodwill and other assets of indefinite useful lifespan, no longer exists or is reduced, the accounting value of the asset and of the asset that generates financial flows is increased until the new estimate of the recoverable value is calculated, which cannot exceed the value that would be determined if no loss were detected by impairment. The recovery of an impairment is immediately recorded in the Income Statement.

Use of estimations

The drafting of the statement of accounts and relevant explanatory notes requires the administration body to run estimates that impact the values of the balance sheet assets and liabilities and on the information relevant to the potential assets and liabilities to the date of the balance sheet.

The current status of generalized economic and financial crisis involves the need to make assumptions as related to the future trend, which can be characterized by uncertainty. Subsequently, we cannot exclude in the future different results from what has been estimated, that could therefore require amendments that cannot be estimated today or foresee them at the accounting value of the relevant balance sheet items.

The estimates are utilized in different areas, such as the credit write-down fund, the Risk Fund for Potential Liabilities, the depreciations, the assessment of the assets relevant to participating interest in related companies and subsidiaries, the sale revenues, the costs and changes relevant to the management of the Integrated Water Service, and the revenue taxes.

The estimates and assumptions are periodically reviewed by the Group on the basis of the better knowledge of the activity and of other factors that can be reasonably derived from the current circumstances, and the effects of any changes are immediately reflected in the Income Statement.

Other information

Corporate agreements outside the Statement of Assets and Liabilities

Bear in mind there are no agreements resulting from the Financial Statement that can have a significant impact on the equity and financial status, or on the economic result of the Company.

Amounts expressed in Notes to the Accounts

Unless otherwise indicated, the amounts reported in the Notes to the Accounts are expressed in EUR units with rounding up to the upper unit for hundredths equal to or greater than 50.

Accounting principles, IFRS amendments and interpretations adopted from January 1, 2023

The following IFRS accounting principles, amendments and interpretations were applied for the first time by the Parent Company starting as at January 1, 2023:

- On May 18, 2017, IASB published the principle IFRS 17 – Insurance Contracts which is destined to replace IFRS 4 – Insurance Contracts. The principle was applied as at January 1, 2023. The objective of the new principle is to guarantee that an entity provides pertinent information that faithfully represents the rights and obligations derived from issued insurance contracts. The IASB has developed a standard for elimination of existing incongruities and weaknesses in accounting policies, providing a single principle-based framework for taking into account all types of insurance contracts, including reinsurance contracts held by the insurer.

The new principle also includes requirements for presentation and reporting to improve comparability among the entities in this sector.

The new principle measures an insurance contract based on a General Model or a simplified version of the same, called the *Premium Allocation Approach* (“PAA”).

The main characteristics of the *General Model* are:

- the estimates and the hypotheses for future cash flows are always current;
- the measurement reflects the temporal value of money;
- the estimates foresee extensive use of observable information on the market;
- there is current and explicit risk measurement;
- the expected profile is differentiated and aggregated into groups of insurance contracts at the moment of initial reading;

- the expected profit in the period of contractual coverage takes into account changes deriving from variations in the hypothesis relative to financial flows for each group of contracts.

The PAA approach includes measurement of liabilities for the residual coverage of a group of insurance contracts on the condition that, at the time of initial reading, the entity expects that this liability represents a reasonable approximation of the General Model. Contracts with a period of coverage of one year or less are automatically suitable for the PAA approach. Simplifications derived from the application of the PAA method are not applied to assessment of liability for claims in general, which are measured using the General Model. Nevertheless, it is not necessary to actualize those cash flows if it is expected that the balance to be paid or received is due within one year from the date of the claim.

The entity must apply the new principle to issued insurance contracts, including issued reinsurance contracts, held reinsurance contracts and investment contracts with a discretionary participation feature (DPF).

Moreover on December 09, 2021, IASB published an amendment called *“Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”*. The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment was applied starting from January 1, 2023, together with the application of IFRS 17, to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and to improve the usefulness of comparative information for budget readers.

The adoption of this principle and related amendment did not produce any effects on the consolidated financial statement of the Group.

- On May 07, 2021 IASB published an amendment called *“Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*. The document clarifies how to recognise deferred taxes on certain transactions that can generate assets and liabilities of equal amounts at the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied as at January 1, 2023.

With reference to the amendment to IAS 12 on the deferred taxation of certain types of transactions such as leasing, the directors assessed the net economic effect of the simultaneous recognition of deferred tax assets and deferred tax liabilities relating to the same transaction as being of little relevance.

- On February 12, 2021 IASB published two amendments called *“Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2”* and *“Definition of Accounting Estimates—Amendments to IAS 8”*. The amendments regarding IAS 1 require an entity to indicate relevant information on the accounting principles applied by the Group. The amendments are aimed at improving disclosure of the accounting principles applied by the Group in order to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments were applied as at January 1, 2023. The adoption of these amendments did not produce any effects on the consolidated financial statement of the Group.

- On May 23, 2023 IASB published an amendment called *“Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules”*. The document introduces a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the Model Rules of Pillar Two (the rule which is in force in Italy as at December 31, 2023, but applicable from January 1, 2024) and foresees specific disclosure obligations for entities affected by the relevant International Tax Reform. The document includes the immediate application of the temporary exception, while the disclosure obligations are applicable only to annual financial statements starting on January 1, 2023 (or on a subsequent date) but not to interim financial statements having a closing date of December 31, 2023. The adoption of these amendments did not produce any effects on the consolidated financial statement of the Group.

Accounting principles, amendments and interpretations IFRS authorized by the European Union, not yet mandatory and not adopted in advance by the Group on December 31, 2023

The following accounting principles, amendments and interpretations IFRS and IFRIC were authorized by the European Union, but aren't yet mandatory and not adopted in advance by the Group on December 31, 2023:

- On January 23, 2020, IASB published an amendment called *“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”* and on October 31, 2022 published an amendment called *“Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities*

with Covenants". The purpose of such amendments is to clarify how to classify debts and other short-term or long-term liabilities. Furthermore, the amendments also improve the information that an entity must provide when its right to defer the extinction of liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The changes will be applied starting from January 1, 2024, but advance application is also allowed. At present the administrators are assessing possible effects of introduction of this amendment into the financial statement of the Group.

- On September 22, 2022 IASB published an amendment called "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The amendment requires the seller-lessee to evaluate the lease liability arising from a sale & leaseback transaction so as not to recognise a gain or a loss relating to the right of use retained. The changes will be applied starting from January 1, 2024, but advance application is allowed. The Board Members do not expect a significant effect in the consolidated financial statement of the Group from the adoption of this amendment.

Accounting principles, IFRS amendments and interpretations not yet certified by the European Union December 31, 2023

- On May 25, 2023, IASB published an amendment called "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*". The document requires an entity to provide additional information on reverse factoring arrangements that allows users of the financial statements to evaluate how financial arrangements with suppliers can influence the liabilities and cash flows of the entity and to understand the effect of these agreements on the entity's exposure to liquidity risk. The changes will be applied starting from January 1, 2024, but advance application is allowed. The Board Members do not expect a significant effect in the consolidated financial statement of the Group from the adoption of this amendment.
- On August 15, 2023, IASB published an amendment called "amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: *Lack of Exchangeability*". The document requires an entity to adopt a methodology to be applied consistently in order to verify whether a currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in the supplementary notes. The amendment shall be applied starting from January 1, 2025, but advance application is allowed. The Board Members do not expect a significant effect in the consolidated financial statement of the Group from the adoption of this amendment.
- On January 30, 2014, IASB published the principle IFRS 14 – Regulatory Deferral Accounts whereby only those who are using the IFRS standards for the first time can continue to recognise the amounts relating to rate-regulated activities under the accounting standards used previously. The Group is not a first-time adopter and hence this standard is not applicable.

Remarks on the Financial Position and Results- Finance

REPORT FOR OPERATIVE CATEGORIES

Identification of service types and the information pertaining to each was based on the elements that the management uses to make its own operative decisions. In particular, internal accounting is audited and used periodically by the top decision-makers of the Group and it takes a single service type as a reference, and all the principal services supplied to customers converge within that service type inasmuch as the Company's business consists of managing the Integrated Water Service.

ASSETS

1. Tangible fixed assets

EUR 140,958,398

The composition of the tangible fixed assets and the relevant movements occurring during the fiscal year are entered in the following table:

2022 Categories	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leased assets	Assets under construction and payments on account	Grand total
Historical cost as at December 31, 2021	104,128,707	318,424,509	23,462,220	21,843,185	7,603,729	12,302,081	487,764,431
Advances to suppliers as 12.31.2021	0	0	0	0	0	864,508	864,508
Depreciation fund as at December 31, 2021	(42,580,681)	(269,044,406)	(14,613,779)	(17,948,070)	(852,671)	0	(345,039,607)
Net value as at December 31, 2021	61,548,026	49,380,103	8,848,441	3,895,115	6,751,058	13,166,589	143,589,332
Reclassifications Advances to suppliers	0	0	0	0	0	71,079	71,079
Works in progress completed in 2022	141,930	10,111	211,675	0	0	(363,716)	0
Disinvestments in the fiscal year	0	(19,264)	(318,673)	(303,051)	(200,710)	(39,000)	(880,698)
Adjustments	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2021	0	0	0	0	0	(776,844)	(776,844)
Increase in advance payments to suppliers 2022	0	0	0	0	0	1,495,263	1,495,263
Increases in the fiscal year	571,336	152,393	2,682,695	1,251,245	257,234	5,523,053	10,437,956
Reclassification/adjustment of amortization fund			0	0			0
Depreciation in the fiscal year	(3,541,856)	(7,090,557)	(1,549,871)	(1,436,413)	(1,249,338)	0	(14,868,035)
Use of funds	0	19,264	192,626	289,319	193,176	0	694,385
Historical cost as at December 31, 2022	104,841,973	318,567,749	26,037,917	22,791,379	7,660,253	17,422,418	497,321,689
Advances to suppliers as 12.31.2022	0	0	0	0	0	1,654,006	1,654,006
Depreciation fund as at December 31, 2022	(46,122,537)	(276,115,699)	(15,971,024)	(19,095,164)	(1,908,833)	0	(359,213,257)
Net value as at December 31, 2022	58,719,436	42,452,050	10,066,893	3,696,215	5,751,420	19,076,424	139,762,438

2023 Categories	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leased assets	Assets under construction and payments on account	Grand total
Historical cost as at December 31, 2022	104,841,973	318,567,749	26,037,917	22,791,379	7,660,253	17,422,418	497,321,689
Advances to suppliers as 12.31.2022	0	0	0	0	0	1,654,006	1,654,006
Depreciation fund as at December 31, 2022	(46,122,537)	(276,115,699)	(15,971,024)	(19,095,164)	(1,908,833)	0	(359,213,257)
Net value as at December 31, 2022	58,719,436	42,452,050	10,066,893	3,696,215	5,751,420	19,076,424	139,762,438
Reclassifications	0	(7,842)	0	0	0	0	(7,842)
Works in progress completed in 2023	1,778,359	1,673,524	1,020,896	0	0	(4,472,779)	0
Disinvestments in the fiscal year	0	0	(1,168,989)	(5,948)	(63,429)	0	(1,238,366)
Adjustments	0	0	0	0	0	(166)	(166)
Transfer of advance payments to suppliers 2022	0	0	0	0	0	(804,203)	(804,203)
Increase in advance payments to suppliers 2023	0	0	0	0	0	0	0
SAPA Contribution	208,464	175,811	13,383	871	0	0	398,529
Meters purchased and installed in the financial year 2023	0	0	2,058,371	0	0	(2,058,371)	0
Increases in the fiscal year	238,478	445,108	697,974	1,048,057	233,794	13,202,679	15,866,090
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0
Depreciation in the fiscal year	(3,352,117)	(5,874,830)	(1,753,132)	(1,485,749)	(1,294,352)	0	(13,760,180)
Use of funds	0	3,829	692,766	4,241	41,262	0	742,098
Historical cost as at Dec. 31, 2023	107,067,274	320,854,350	28,659,552	23,834,359	7,830,618	24,093,781	512,339,934
Advances to suppliers as 12.31.2023	0	0	0	0	0	849,803	849,803
Depreciation fund as at Dec. 31, 2023	(49,474,654)	(281,986,700)	(17,031,390)	(20,576,672)	(3,161,923)	0	(372,231,339)
Net value as at December 31, 2023	57,592,620	38,867,650	11,628,162	3,257,687	4,668,695	24,943,584	140,958,398

As indicated in the valuation criteria, the tangible fixed assets also include the entry of the financial changes of direct imputation pertaining to large works in course of amortisation.

The Asset management owned by the Company as ownership have been amortized in the ordinary way in compliance with the criteria of itemized evaluation in the present Notes to the Accounts as well as a function of the rates representative of the estimated residual possibility of utilization as at the date of the present financial statement. On the increments developed in the fiscal year, rate reduced by 50% have been applied. "Plants and machinery" include the cost of spare parts whose utility spreads over several years.

The item 'Industrial and commercial equipment' includes from 2021 the value of measuring instruments, previously classified under 'Assets under concession'.

"Other tangible fixed assets" include furniture and furnishings, ordinary office equipment, electromechanical and electronic equipments, hardware, cars, motor vehicles for transport and other vehicles.

As from 2021, this item also includes the value of coal, previously classified under 'Assets under concession'.

Assets under construction and payments on account amounted to over EUR 24 million and included the value, according to the stage of progress, of the works being realised at year-end, as well as payments on account to suppliers.

Subsequent to the application of IFRIC 12, "Service Concession Arrangements", the revertible assets referred to the waterworks system of the City of Turin have been reclassified under intangible assets, as "Assets under concession".

"Leased assets" include leased assets in the statement assets, in alignment with the nature of the same assets, following the adoption of the new IFRS 16 principle *Leases* started on 01.01.2019.

The following details transactions in the "Leased assets" category:

Categories	Leasing – Rentals Hardware	Leasing- Rentals Cars	Leasing – Rentals Other vehicles	Leasing – Leased Buildings	Leasing – Leased Land	LEASED ASSETS
Historical cost as at December 31, 2022	0	319,757	6,420,445	598,006	322,045	7,660,253
Depreciation fund as at December 31, 2022	0	(71,056)	(1,531,617)	(158,644)	(147,516)	(1,908,833)
Net value as at December 31, 2022	0	248,701	4,888,828	439,362	174,529	5,751,420
Reclassifications	0	0	0	0	0	0
Works in progress completed in 2023	0	0	0	0	0	0
Disinvestments in the fiscal year	0	(19,883)	(23,814)	0	(19,732)	(63,429)
Adjustments	0	0	0	0	0	0
Leasing increments	0	147,867	0	61,882	24,045	233,794
Depreciation in the fiscal year	0	(87,858)	(1,066,886)	(93,429)	(46,179)	(1,294,352)
Use of funds	0	15,907	5,623	0	19,732	41,262
Historical cost as at December 31, 2023	0	447,741	6,396,631	659,888	326,358	7,830,618
Depreciation fund as at December 31, 2023	0	(143,007)	(2,592,880)	(252,073)	(173,963)	(3,161,923)
Net value as at December 31, 2023	0	304,734	3,803,751	407,815	152,395	4,668,695

The item 'Leased Assets', amounting to about EUR 4.7 million (EUR 5.7 million in 2022), is mainly attributable to the signing of the long-term vehicle rental contract.

Intangible fixed assets
EUR 893,600,607

The composition of the intangible assets and the relevant movements during the fiscal year are shown in the following table:

2022 Categories	Goodwill	Plant and expansion costs	Development costs	Industrial patent rights & intellectual property rights	Concessions, licenses, trademarks and similar rights	Assets under construction and payments on account	Other	Total Other intangible fixed assets	Assets under concession	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at December 31, 2021	5,928,005	60,807	249,266	210,060	25,772,143	205,296	561,108	27,058,680	1,240,893,841	1,273,880,526
Advances To Suppliers as at De- cember 31, 2021	0	0	0	0	0	0	0	0	5,264,531	5,264,531
Depreciation fund as at December 31, 2021	0	(60,807)	(249,266)	(210,060)	(24,220,878)	0	(215,912)	(24,956,923)	(474,833,207)	(499,790,130)
Net value as at De- cember 31, 2021	5,928,005	0	0	0	1,551,265	205,296	345,196	2,101,757	771,325,165	779,354,927
Reclassifications Advances to Suppliers	0	0	0	0	0	0	0	0	(71,079)	(71,079)
Works in progress completed in 2022	0	0	0	0	0	(95,015)	0	(95,015)	95,015	0
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfer of advance payments to suppli- ers 2021	0	0	0	0	0	0	0	0	(1,628,142)	(1,628,142)
Increases in Advances to Suppliers 2022	0	0	0	0	0	0	0	0	1,270,293	1,270,293
Increases in the fiscal year	0	0	0	0	2,689,660	41,755	0	2,731,415	97,264,788	99,996,203
Reclassification/ adjustment of amortization fund	0	0	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	0	0	0	0	(1,905,352)	0	(11,945)	(1,917,297)	(60,805,979)	(62,723,276)
Use of funds	0	0	0	0	0	0	0	0	0	0
Historical cost as at December 31, 2022	5,928,005	60,807	249,266	210,060	28,461,803	152,036	561,108	29,695,080	1,338,253,644	1,373,876,729
Advances to Suppliers as at 12.31.2022	0	0	0	0	0	0	0	0	4,835,603	4,835,603
Depreciation fund as at December 31, 2022	0	(60,807)	(249,266)	(210,060)	(26,126,230)	0	(227,857)	(26,874,220)	(535,639,186)	(562,513,406)
Net value as at De- cember 31, 2022	5,928,005	0	0	0	2,335,573	152,036	333,251	2,820,860	807,450,061	816,198,926

2023 Categories	Goodwill	Plant and expansion costs	Development costs	Industrial patent rights & intellectual property rights	Concessions, licenses, trademarks and similar rights	Assets under construction and payments on account	Other	Total Other intangible fixed assets	Assets under concession	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at December 31, 2022	5,928,005	60,807	249,266	210,060	28,461,803	152,036	561,108	29,695,080	1,338,253,644	1,373,876,729
Advances to Suppliers as at 12.31.2022	0	0	0	0	0	0	0	0	4,835,603	4,835,603
Depreciation fund as at December 31, 2022	0	(60,807)	(249,266)	(210,060)	(26,126,230)	0	(227,857)	(26,874,220)	(535,639,186)	(562,513,406)
Net value as at December 31, 2022	5,928,005	0	0	0	2,335,573	152,036	333,251	2,820,860	807,450,061	816,198,926
Reclassifications	0	0	0	0	0	0	0	0	(266,041)	(266,041)
Works in progress completed in 2023	0	0	0	0	0	(37,800)	0	(37,800)	37,800	0
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2022	0	0	0	0	0	0	0	0	(2,195,673)	(2,195,673)
Increase in advance payments to suppliers 2023	0	0	0	0	0	0	0	0	39,516,204	39,516,204
SAPA Contribution	0	0	0	0	1,672	0	0	1,672	56,927	58,599
Increases in the fiscal year	0	0	0	0	1,845,029	436,282	0	2,281,311	107,045,451	109,326,762
Reclassification/adjustment amortization fund	0	0	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	0	0	0	0	(2,054,585)	0	(11,945)	(2,066,530)	(67,028,610)	(69,095,140)
Use of funds	0	0	0	0	0	0	0	0	56,970	56,970
Historical cost as at 12.31.2023	5,928,005	60,807	249,266	210,060	30,308,504	550,518	561,108	31,940,263	1,445,127,781	1,482,996,049
Advances to Suppliers 2022	0	0	0	0	0	0	0	0	42,156,134	42,156,134
Depreciation fund as at December 31, 2023	0	(60,807)	(249,266)	(210,060)	(28,180,815)	0	(239,802)	(28,940,750)	(602,610,826)	(631,551,576)
Net value as at December 31, 2023	5,928,005	0	0	0	2,127,689	550,518	321,306	2,999,513	884,673,089	893,600,607

For details of the movements in the "Assets under concession" category, please refer to the relevant section.

2. Goodwill

EUR 5.928.005

The value of the goodwill to December 31, 2023 can be ascribed historically to the acquisition of the SAC business unit (January 1, 2014), amounting to EUR 96,000 and the SAP S.p.A. business unit (July 1, 2015) regarding the Municipalities of ATO 3 Torinese amounting to EUR 5,832,005, entered under the intangible assets with the approval of the Board of Auditors.

Goodwill, which had previously been allocated to the relevant Cash Generating Unit (CGU), also based on the management strategies introduced and the redefinition of the Economic-Financial Business Plan, was reallocated to the CGU corresponding to the Parent Company, in accordance with IAS 36 whereby the entire company is conceived as the cash-generating unit, i.e., the operating unit aimed at recovering the value recorded. It should be noted, however, that if the approach had been consistent with the previous year, no impairment would have emerged with regard to the recoverability of the value recorded.

Pursuant to IAS 36, effective January 1, 2015, goodwill is not subject to amortisation, but is tested for impairment annually, or more frequently if specific extraordinary events and circumstances occur. The impairment test carried out by an independent expert was conducted via a comparison between the enterprise value and the net value of the assets in 2023.

The enterprise value was determined by applying the Discounted Cash Flow (“DCF”) method, including the residual value of the assets (Terminal value), according to the “asset side” financial approach by discounting the cash flows operating cash relating to the CGU resulting from the 2020-2033 Economic Plan, attached to Industrial Plan 4.0 (2020-2024) approved by the Ordinary Shareholders' Meeting of 06.26.2020, and the residual value to 2033. The Economic and Financial Plan also highlights the results expected for the whole duration of the license and - even though it is drafted on a time horizon longer than 5 years - it constitutes the representative document to identify the prospect cash flows.

The discount value utilized is represented by the WACC identified with reference to the sector the identified CGU operates within. The discount rate (WACC) utilized reflects the market assessments on the cost of money and the specific risks of the sector of activities and of the reference geographic area.

In particular, in determining the actualization rate, the following parameters have been utilized:

- Free risk rate of 4.00%;
- Risk premiums at 4.60%
- Beta sector “water utilities” equal to 0.76;
- Cost of debt at 3.696%.

The estimated discount rate (WACC) is therefore 5.04%

The impairment test performed did not reveal any impairment of the goodwill recorded in the balance sheet.

3. Other intangible fixed assets

EUR 2,999,513

“Other intangible assets” are recorded among balance sheet assets as they are intended for long-term use. No value adjustment has been applied to the cost of acquisition or production of the intangible assets.

The item “Concessions, licenses, trademarks and similar rights” includes the costs incurred for the acquisition of software licenses amortised over three financial years and for the filing of trademarks, amortised over ten financial years.

The item “Fixed assets in progress and advances” includes the value of some studies currently being completed.

4. Assets under concession

EUR 884,673,089

2022 Categories	Usage rights assets granted by CIACT	Usage rights constituting the aqueduct system for the City of Turin	Improvements on SI assets of the City of Turin	Improvements on SI assets of external municipalities in management	Ongoing improvement works and advance payments on improvements on SI assets Of the City of Turin	Ongoing improvement works and advance payments Improvements on SI assets of external municipalities in management	Revertible assets	Assets under concession
Historical cost as at December 31, 2021	3,834,635	50,871,004	222,636,646	787,823,440	47,040,698	123,281,054	5,406,364	1,240,893,841
Advances to suppliers as 12.31.2021					369,634	4,894,897		5,264,531
Depreciation fund as at December 31, 2021	(2,853,364)	(38,740,226)	(101,341,302)	(326,745,275)	0	0	(5,153,040)	(474,833,207)
Net value as at December 31, 2021	981,271	12,130,778	121,295,344	461,078,165	47,410,332	128,175,951	253,324	771,325,165
Reclassifications Advances to suppliers	0	0	0	0	2,144,716	(2,215,795)	0	(71,079)
Works in progress completed in 2022	0	0	7,725,376	30,500,574	(7,724,543)	(30,406,392)	0	95,015
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Write-offs of advance payments to Suppliers 2021					(491,758)	(1,136,384)		(1,628,142)
Increases in advances to suppliers 2022					673,294	596,999		1,270,293
Increases in the fiscal year	0	0	6,356,190	18,476,292	21,262,607	51,169,699	0	97,264,788
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	(81,939)	(1,010,898)	(10,533,007)	(49,071,491)	0	0	(108,644)	(60,805,979)
Use of funds	0	0	0	0	0	0	0	0
Historical cost as at December 31, 2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to suppliers as 12.31.2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Depreciation fund as at December 31, 2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at December 31, 2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061

2023 Categories	Usage rights assets granted by CIACT	Usage rights constituting the aqueduct system for the City of Turin	Improvements on SII assets of the City of Turin	Improvements on SII assets of external municipalities in man- agement	Ongoing improvement works and advance payments on improvements on SII assets Of the City of Turin	Ongoing improvement works and advance payments Improvements on SII assets of external municipalities in man- agement	Revertible assets	Assets under concession
Historical cost as at December 31, 2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to suppliers as 12.31.2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Depreciation fund as at December 31, 2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at December 31, 2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061
Reclassifications	0	0	(20,765)	(144,714)	(68,578)	(31,984)	0	(266,041)
Works in progress completed in 2023	0	0	29,548,496	49,681,342	(29,548,496)	(49,643,542)	0	37,800
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2022	0	0	0	0	(1,060,738)	(1,134,935)	0	(2,195,673)
Increase in advance payments to suppliers 2023	0	0	0	0	10,873,750	28,642,454	0	39,516,204
SAPA Contribution	0	0	0	56,927	0	0	0	56,927
Increases in the fiscal year	0	0	9,198,729	14,047,255	27,719,125	56,080,342	0	107,045,451
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	(81,939)	(1,010,898)	(12,416,069)	(53,506,544)	0	0	(13,160)	(67,028,610)
Use of funds	0	0	8,306	48,664	0	0	0	56,970
Historical cost as at 12.31.2023	3,834,635	50,871,004	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to suppliers as 12.31.2023	0	0	0	0	12,508,898	29,647,236	0	42,156,134
Depreciation fund as at December 31, 2023	(3,017,242)	(40,762,022)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at December 31, 2023	817,393	10,108,982	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089

Subsequent to the adoption of IFRIC 12, such category includes the improvements for the enhancement of the assets received in use by the City of Turin as well as the system of the well water systems entrusted in direct management to the Company and depreciated on the basis of the estimated residual economic and technical lifespan.

As indicated in the valuation criteria, the tangible fixed assets also include the entry of the financial changes of direct imputation pertaining to large works in course of amortisation.

The item "Ongoing improvement works and advance payments" includes the value of works in progress at year-end, as well as the value of advance payments to suppliers for the construction of integrated water service works for the external municipalities and the City of Turin.

The entry "Assets under concession" also refers to "Revertible assets" which show the values of the extensions, realized by the former Shareholder AAM Torino S.p.A., to add to the aqueduct system of the City of Turin and received by the same in provision, for which the constraint for free transmission at the end of the relative lease was stipulated.

Moreover it includes the value of the "Right of use of the assets that constitute the waterworks system", which is mandatory and already acknowledged by the City of Turin when they are given to the former Shareholder AAM Torino S.p.A. and then given by the latter to SMAT Torino S.p.A. The item also includes the value of the right to use the waterworks system transferred to January 1, 2003, by C.I.A.C.T. in liquidation. The values are represented in compliance with the expert appraisals drafted for the purposes of the conferrals and amortized as a function of the new expiration date of the pact between Ente d'Ambito n. 3 Torinese and SMAT S.p.A.

The value of usage rights is amortized based on the relative agreement deed.

Amortizations on improvements and revertible assets were determined with reference to the estimated economic-technical lifespan.

5. Investments

EUR 11,662,906

The table below shows the carrying values of investments held in associated companies and other companies as at December 31, 2023.

The stakes held in associated companies, recorded at cost and possibly adjusted for impairment losses, and investments in other companies were subjected to impairment test by an independent consultant, who also carried out an equity or earnings valuation of investments in other companies.

Categories	Associates	Other enterprises	Grand total
Historical cost as at December 31, 2022	43,102,340	3,566,923	46,669,263
Value adjustment as at December 31, 2022	(34,941,544)	(78,126)	(35,019,670)
Net value as at December 31, 2022	8,160,796	3,488,797	11,649,593
Increases in 2023			
Decreases in 2023			
Value adjustment in 2023	13,313		13,313
Historical cost as at 12/31/2023	43,102,340	3,566,923	46,669,263
Value adjustment as at 12/31/2023	(34,928,231)	(78,126)	(35,006,357)
Net value as at 12/31/2023	8,174,109	3,488,797	11,662,906

In general terms, the statement of account values does not significantly exceed the ones that correspond to the fractions of Net Equity reported in the statements of account to December 31, 2023 of the related companies.

Pursuant to art. 2427, paragraph 1, no. 5 of the Italian Civil Code, the shareholding in subsidiaries, existing as at December 31, 2023, refers to:

- Shareholding in **Risorse Idriche S.p.A under liquidation** registered office in Turin, Corso XI Febbraio n. 22, with the following characteristics:

Shareholding in Risorse Idriche S.p.A. under liquidation (from June 1st, 2021)

a) Share capital of the investee	€	7,633,096
b) Shares held	Qty.	3,429,125
c) Nominal value per share	€	N/A
d) Purchase cost	€	43,102,341
e) Stake held	%	47.55
f) Consolidated Book Value	€	8,174,108
g) Consolidated Net Equity	K/€	17,192
h) Result of previous fiscal year	K/€	177

The shareholding in Acque Potabili S.p.A. under liquidation has been assessed to EUR 8.2 million, was adjusted to the corresponding change in Net equity.

The Extraordinary Shareholders' Meeting of company Società Acque Potabili held on April 29, 2021 resolved on the early dissolution of the Company pursuant to art. 2484(1) no. 6) of the Civil Code and its ensuing winding up. The deed was registered and recorded in the Trade Register of Turin on May 31, 2021. As from that date, the resolution for the liquidation of Società Acque Potabili came into full effect.

The Extraordinary Meeting of the Shareholders of the Acque Potabili of May 31, 2021 amended Article 5 of the Articles of Association, eliminating the unit value of the shares. Given the unchanged share capital (equal to EUR 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary Shareholders' Meeting of company SAP S.p.A. in liquidation, held on April 29, 2024, approved the financial statements for the year ended December 31, 2023 (third intermediate liquidation financial statements) that closed with a positive result of EUR 177,000. At the end of 2023, net worth came to EUR 17,192,000 (IAS/IFRS criteria), whereas Consolidated Net Worth as at December 31, 2022 amounted to EUR 17,164,000.

The shareholding in Acque Potabili Siciliane S.p.A. after the filing of the Extraordinary Administration Procedure of February 7, 2012, in bankruptcy since October 10, 2013, has been reclassified as "Other companies" instead of shareholding in related companies, even though it was fully depreciated in the Financial Statements As it is better entered in the Management Report, it is completely out of SMAT Group consolidation area.

The independent expert used the equity method to value companies Acque Potabili S.p.A., under liquidation, Nos S.p.A. and Environment Park S.p.A.; to value the other investees, the expert used the revenue method, based on the weighted average cost of capital, WACC) of 5.04 %.

The fair value valuation of the other shares determined a value that is substantially aligned with the cost of investment, recorded on December 31, 2023 , at 3.5 million Euros. Even though the profitability of some investees in the medium term results positive, the values were not changed because they were not considered significant.

On July 19, 2016, a specific Notary Deed defined the establishment of the Water Alliance – Acque del Piemonte (now Utility Alliance del Piemonte) network of enterprise, whose registered office is in Turin– Viale Maestri del Lavoro n. 4.

As at December 31, 2023 the Equity Fund amounted to EUR 95,000 in which SMAT holds a 5.56% interest.

This network of enterprises as at 12.31.2023 is established by 18 Piedmontese water service companies, that signed a "network agreement" aimed at upgrading their competitive capacity through a shared representation of interests on behalf of institutional stakeholders and associations, as well as shared decision-making processes.

6. Deferred tax assets

EUR 23,838,381

This item (EUR 22,503,513 on the previous fiscal year) includes the credit deriving from the active deferred taxes mainly calculated on the provisions for costs to be deducted in the future and t the revenues for anticipated taxation .

The entry shows an increase of over EUR 1,334,867 from the previous fiscal year, due to the combined effect of: deductibility of costs accrued in the fiscal year in progress, future fiscal years and deduction of the costs recorded in previous fiscal years, in the present fiscal year.

Such effects are reported in the following detail table:

Description	Multianual Deferred income	Provision for risk and charges	Allocation of Provision for Bad Debts Receivables	Goodwill And brands amort.	Inventory deprecia- tion Mainte- nance	Expenses exceeding the de- ductible share	ACE and carry- forward losses	Interest receivable on late payments	Other local Income Taxes, di- rectors' emolu- ments	Intragroup Tax effects	TOTAL
Taxable base As at 12.31.2022	8,978,59 1	16,959,381	62,963,86 0	17,33 3	220,00 0	8,807	83,163	12,339	10,200		89,253,675
Deferred tax credit As at 12.31.2022	2,531,964	4,749,255	15,111,32 7	4,888	52,800	2,114	19,959	2,962	2,448	25,796	22,503,513
Base allocation 2023	(577,402)	(4,754,277)	(456,205)			(3,235)	(52,181)	(6,529)	(2,000)		(5,851,829)
Tax Uses 2023Tax provisions 2023	(162,827)	(1,340,706)	(109,489)			(776)	(12,523)	(1,567)	(480)	(12,142)	(1,640,511)
Base adjustments 2023											0
Tax adjustments 2023											0
Base allocation 2023		1,438,508	10,792,56 7			35,724			600		12,267,399
Tax provisions 2023		376,447	2,590,216			8,574			144		2,975,381
Taxable base As at 12.31.2023	8,401,18 9	13,643,612	73,300,22 3	17,33 3	220,00 0	41,296	30,982	5,810	8,800	0	95,669,245
Deferred tax credit As at 12.31.2023	2,369,13 6	3,784,996	17,592,05 4	4,888	52,800	9,911	7,436	1,394	2,112	13,654	23,838,38 1

7. Non-current financial assets **EUR 1,408,035**

		December 31, 2023	December 31, 2022
– Receivable caution money	€	1,331,809	1,282,659
– Customers		76,226	86,913
Total	€	1,408,035	1,369,572

The non-current financial assets towards customers are represented by credits registered following the under-signing of an agreement for governing the use of land in the Municipalities of Scalenghe and Airasca, for the years 2011 - 2018 with a payable plan up to 2031.

The receivables are recorded in the financial statement, as required by IFRS 9 – Financial Instruments, at the amortized cost.

CURRENT ASSETS

8. Inventory **EUR 9,516,760**

The item includes:

		December 31, 2023	December 31, 2022
– Raw, subsidiary materials and consumables	€	9,271,315	7,918,909
– Finished products and goods	€	41,145	41,145
– Advances	€	204,300	281,970
Total	€	9,516,760	8,242,024

The total increase in inventory from the previous fiscal year amounted to EUR 1,274,736.

The Inventory consists of materials whose use does not contain features of multi-year usefulness. It is assessed in the financial statement at the lowest price between the average weighted price and the market price. The value of the inventory is adjusted by a depreciation fund regarding slow turnover materials for an amount of EUR 990.000.

No financial charges were attributed to the inventory value.

9. Trade receivables **EUR 239,759,196**

The book value of the trade receivables breaks down as follows:

		December 31, 2023	December 31, 2022
Due from customers			
• Bills and invoices issued	€	254,971,278	239,207,549
• Bills and invoices to be issued	€	57,991,181	74,570,468
• Provision for bad debts	€	(74,875,061)	(64,938,326)
Total due from customers	€	238,087,398	248,839,691
Due from associates	€	20,000	40,357
Due from holding companies	€	1,173,030	1,248,548
Due from other	€	478,768	639,719
Net book value	€	239,759,196	250,768,315

DUE FROM CUSTOMERS **EUR 238,087,398**

The net value of trade receivables decreased by about EUR 11 million over the previous fiscal year, mainly generated by the increase in the credits write-downs

The parent company collected about EUR 73.6 million of the total receivables recognised during the early months of FY 2024.

Receivables are subject to a careful assessment of the risk of arrears and are recognised at their presumed realisable value by taking into account future losses estimated on the basis of the historical series, and therefore, in accordance with IFRS 9 - Financial Instruments, the overall value of the prudential write-down of receivables was determined to amount to EUR 75 million.

DUE FROM ASSOCIATES **EUR 20,000**

The item (EUR 40,357 in the previous fiscal year) is represented by receivables due to SAP under liquidation.

DUE FROM HOLDING COMPANIES **EUR 1,173,030**

This item (EUR 1,248,548 in the previous fiscal year) includes receivables from the City of Turin deriving from normal trade transactions executed at market conditions for water supply, rentals and accessory jobs.

DUE FROM OTHER **EUR 478,378**

These consist of residual trade receivables. The decrease over the previous fiscal year is correlated to the advances to suppliers under Article 35 of the Contract Code.

10. Current tax assets **EUR 5,473,320**

This item (EUR 3,331,712 in the previous fiscal year) mainly includes the IRES tax credit recognised by the Revenue Agency for EUR 4,192,757, and the IRAP tax credit for EUR 579,733, as well as that for investments in capital goods pursuant to Article 1, paragraphs 184/197 of Law no. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law no. 178/2020 for EUR 204,120: moreover there are tax credits (IRES and IRAP) awaiting reimbursement for EUR 97,568. In 2023, the stamp duty credit of 46 thousand euros was collected against the 2022 refund request.

11. Current financial assets **EUR 19,438**

		December 31, 2023	December 31, 2022
- Towards clients	€	19,438	84,741
Total	€	19,438	84,741

The financial receivables due from customers refer to the share, expiring within 12 months of the credit for which details are set forth in the comment of the specific section of non-current financial receivables.

12. Other current assets **EUR 8,463,571**

		December 31, 2023	December 31, 2022
• Accrued income	€	0	0
• Deferred charges	€	806,474	786,827
• Other assets	€	7,657,097	24,361,598
• <i>Due from employees for amounts to be recovered through With holding</i>	€	136,703	117,179
• <i>Due from other</i>	€	7,520,394	24,244,419
Total	€	8,463,571	25,148,425

Other deferrals include accrued amounts of subsequent fiscal years of other costs liquidated in the fiscal year. The item "Other assets - To others" mainly includes security deposits for the supply of electricity for approximately 3,400 thousand euros for 1,560 thousand euros, credit notes to be received for approximately 2,500 thousand euros, and credits towards the Energy and Environmental Services Fund for recognition of users entitled to the Water Bonus.

The significant decrease is mainly attributable to the credits for the social water bonus, which (in the previous year 17,664 thousand euros) included the estimate for the 2021 and 2022 years, according to the information made available by the Single Buyer.

13. Cash and cash equivalents **EUR 111,455,195**

The liquid assets include:

		December 31, 2023	December 31, 2022
- Bank and Post Office deposits	€	110,996,014	125,048,043
- Short term deposits	€	0	0
- Checks	€	438,510	9,701
- Cash and cash equivalents	€	20,671	17,534
Total	€	111,455,195	125,075,278

In December 2023, the second tranche of 50 million euros was recorded, disbursed by the EIB for the implementation of the planned investments.

All the aforementioned remainders are liquid and fully available as at the date of the Financial Statements without any constraints whatsoever, except for the usual subject to collection clause on checks.

NET EQUITY AND LIABILITIES

The value in the Financial Statements takes into account the deliberations taken by the Ordinary Assembly of Shareholders of June 29th, 2023, as related to the destination of the Parent Company results of fiscal year 2022.

14. Net Equity **EUR 762,792,675****Net Equity belonging to the Group** **EUR 762,237,410**

The book value considering the determinations assumed by the Ordinary Meeting of Shareholders of June 29, 2023, as related to the destination of the Parent Company results of fiscal year 2022.

SHARE CAPITAL **EUR 345,533,762**

The Share Capital is fully subscribed, paid and recorded in the Register of Enterprises in compliance with the law and is made, as at the date of the Financial Statements, of 5,352,963 ordinary shares of the nominal value of EUR 64.55 each, owned by the Associates.

No movements regarding the shares and share capital have occurred during the fiscal year.

LEGAL RESERVE **27,887,553**

The Legal reserve of EUR 25,808,344 as at 12/31/2022 increased by EUR 2,079,209 during the year as per the resolution of the Meeting of Shareholders of June 29, 2023.

RESERVE RESTRICTED TO IMPLEMENTATION PEF **EUR 344,944,872**

This reserve, which amounted to €313,340,899 as at 12.31.2022, increased during the financial year by €31,603,973 a result of the appropriation of profit resolved by the Ordinary Shareholders' Meeting of 06.29.2023.

FTA RESERVE **EUR (2,845,993)**

This reserve includes the effects of FTA on the Net Equity deriving from the adoption of the international accounting principles.

OTHER RESERVE AND RETAINED EARNINGS **EUR 5,103,871**

Other Reserves include:

		December 31, 2023	December 31, 2022
• Optional reserve	€	34,342,561	34,342,561
• Consolidation reserve	€	5,026,588	5,026,588
• Severance pay discount reserve	€	1,285,135	1,472,207
• Negative reserve of own shares in portfolio	€	(32,993,018)	(32,993,211)
• Reserve for rounding up	€	7	(4)
• Retained earnings	€	(2,557,402)	(2,683,116)
Total	€	5,103,871	5,165,025

The reserve for the actualization of the Severance Pay includes the profits/losses for the Group that result from the actuarial assessments performed in application of IAS 19 to the Severance Pay and pensions accrued as at 12/31/2023.

The negative reserve for own shares in portfolio as at 12/31/2023 equal to EUR 32,993,018 refers to 492,960 own shares purchased according to conforming authorization of the Ordinary Meeting of Shareholders.

In 2023 it was reduced by 193 euros following the entry of 2 new members (Municipalities of Bruzolo and Traves) to which a total of 3 shares were sold.

In 2023, the Municipality of Mappano also acquired member status and received 15,347 shares from the municipalities of Borgaro, Caselle and Leini.

Profits carried forward increased in the fiscal year by EUR 126,000.

PROFIT FOR THE YEAR **EUR 41,613,345**

		December 31, 2023	December 31, 2022
Profit for the year	€	41,613,345	41,677,398

It corresponds to the balance of the Income Statement as the difference between the total revenues and costs and it has been fully submitted to ordinary and deferred taxation for IRES and IRAP purposes.

NET EQUITY BELONGING TO NON-CONTROLLING INTERESTS **EUR 555,265**

This item refers to non-controlling interests in the Net Equity in the subsidiaries in the consolidation and includes:

		December 31, 2023	December 31, 2022
- Capital & reserves of non-controlling interests	€	465,092	404,998
- Profit for the year	€	90,173	64,773
Total	€	555,265	469,771

**SCHEDULE OF CORRELATION BETWEEN NET EQUITY AND OPREATING INCOME
OF PARENT COMPANY AND CONSOLIDATED NET EQUITY AND PROFIT FOR THE YEAR**

	12/31/2023		12/31/2022	
	Net Equity	of which: the Profit for the year	Net Equity	of which: the Profit for the year
Net equity and Profit for the year as entered in the fiscal year statement of accounts of the Parent Company	761,136,953	41,451,216	727,718,890	41,584,175
<i>From elimination of load value of consolidated shareholdings:</i>				
- Effect of consolidation operations	598,069	13,197	447,643	(137,069)
Pro-quota results obtained from the investees	135,620	135,620	159,448	159,448
<i>From net equity method evaluation of non-consolidated companies:</i>	366,768	13,313	353,455	70,844
<i>Net equity and fiscal year results of competence of the Group</i>	762,237,410	41,613,345	728,679,435	41,677,398
Net equity and fiscal year results of competence of third parties	555,265	90,173	469,771	64,773
Net equity and fiscal year results as entered in the consolidated accounts	762,792,675	41,703,518	729,149,206	41,742,171
LIABILITIES				EUR 683,363,132

15. Current and non-current fiscal liabilities **EUR 392,496,584**

Financial debts on 12.31.2023 are presented in detail by type in the following table:

	December 31, 2023	December 31, 2022
Non-current financial liabilities		
Bonds	€ (183,318)	134,644,716
Payable loans	€ 249,879,866	199,865,929
Debts for leased assets	€ 3,393,159	4,486,881
Other financial debts	€ 0	6,363,558
Total	€ 253,089,707	345,361,084
Current financial liabilities		
Short-term bonds	€ 135,000,000	0
Short-term payable loans	€ 0	10,192,308
Due to banks and accrued financial payables	€ 3,019,530	2,644,532
Debts for short term leased assets	€ 1,387,347	1,343,799
Other short term debts	€ 0	6,363,558
Total	€ 139,406,877	20,544,197
Total financial liabilities	€ 392,496,584	365,905,281

Total financial liabilities are made up of:

- loans (bonds and mortgages) with total value amounting to EUR 384,696,548, net of the amortized residual cost of EUR 183,318 for the debenture loan of EUR 120,134 for payable loans;
- the entry "Due to banks and financial charges" amounting to EUR 3,019,530 which includes other short term operations for EUR 88,321 and accrued financial charges amounting to EUR 2,931,209, which mainly refer to interest on the debenture loan in the accrued amount;
- debts for leased assets, of which the total value amounts to 4,780,506 Euros, net of the residual amortized cost 201,734;

Movement of financial liabilities during the fiscal year is the following:

		Bonds	Amortized cost	Total
Balance as at December 31, 2022	€	134,644,716	210,058,237	344,702,953
New loans	€		50,000,000	50,000,000
amortized cost	€	0	0	0
Amortized cost reduction	€	171,966	13,937	185,903
Repayments in the period	€	0	(10,192,308)	(10,192,308)
Balance as at December 31, 2023	€	134,816,682	249,879,866	384,696,548

On August 10, 2023, the financial advance, introduced by ARERA Resolution 229/2022/R/idr and related to the raising of resources to meet part of the expenses incurred for the purchase of electricity, disbursed by the Energy and Environmental Services Fund on December 27, 2022, in the last financial year was included in *Other financial payables*, was repaid in full for 12,727,116 euros.

The debt for medium to long term funding, gross to the depreciated cost, is detailed in the following table:

Funding		Debt to December 31, 2023
Bonds	€	135,000,000
Payable loans		
European Investment Bank IV	€	50,000,000
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
Total Payable loans		250,000,000
Total	€	385,000,000

The table below shows the liabilities broken down according to type as at December 31, 2023, with an indication of the instalments due within the next fiscal year, due between the 2nd and 5th year and due after the 5th year, gross of amortized cost.

Type	Residual amount	Due within next fiscal year	Due between the 2nd and 5th year	Due after the 5 th year
Bonds	135,000,000	135,000,000		
Payable loans	250,000,000		62,358,277	187,641,723
Due to banks and accrued financial payables	3,019,530	3,019,530		
Debts for leased assets	4,982,240	1,387,347	3,563,807	31,086
Other financial debts	0			
Total	393,001,770	139,406,877	65,922,084	187,672,809

Below are the major contractual conditions.

Funding	Value line of funding	Duration in years	Due date	Instalment	Rate
Ordinary non-convertible loans	135,000,000	7	04/13/2024	annual	fixed
European Investment Bank IV	50,000,000	13	12/14/2033	six months, constant equity	fixed
European Investment Bank V	50,000,000	13	07/19/2034	six months, constant equity	fixed
European Investment Bank VI	150,000,000				
• (1 st tranche) EUR 100,000,000		16	11/18/2038	Three months, constant equity	fixed
• (2 nd tranche) EUR 100,000,000		16	15/15/2039	Three months, constant equity	fixed

The ordinary nonconvertible debenture loan was issued on April 13, 2017.

The bonds are assisted by a rating released by Standard & Poor's Senior Unsecured "BBB+" (for details see the Directors' Report), and have a duration of seven years with a coupon of 1.95% and they are quoted on the regulated Dublin Stock Market (ISE – Irish Stock Exchange), rating raised from Senior Unsecured to "BBB+" on 11/29/2022.

Activation of the loan from financial institutions, to finance the investments in expansion and upgrading of the networks, water production, distribution, collection and treatment plants envisaged in the Investment Plan of ATO3, did not require any guarantee by the shareholders and envisages for its entire duration maintenance of

the following financial parameter calculated based on the data of the Consolidated Financial Statement closed as at 12/31 of the previous year and according to the definitions in the contractual stipulations:

- Net Financial Debt/EBITDA (EBIT+Amortization): lower than or equal to 5.

The Bondholders' Meeting of March 14, 2024 resolved to approve the extension of the maturity of the bond loan to April 13, 2029, while maintaining the non-convertibility regime at the rate of 4.546%. Following the exercise of the put option by some bondholders, on April 15, 2024 (April 13, 2024 being a non-working day) 45 million euros were repaid, for which the residual capital currently amounts to 90 million euros.

The loans obtained from the European Investment Bank to acquire the resources required by the investment plan included in the Area Plan are not secured.

These credit lines, with the exception of the one granted this year, have been fully utilised as a function of the progress of the works for which they were obtained.

More specifically:

- loan of 50 million euros for the construction of the works foreseen in the 2020-2024 investment programme stipulated and disbursed during 2020, with a duration of 13 years of which 4.5 years in pre-amortisation;
- loan of 50 million euros for the construction of the works foreseen in the 2020-2024 investment programme stipulated and disbursed during 2021, with a duration of 13 years of which 4.5 years in pre-amortisation;
- loan of 150 million euros for the construction of the works foreseen in the 2022-2027 investment programme stipulated in 2022, of which the first tranche of 100 million euros disbursed on November 18, 2022, with a duration of 16 years of which 4 years in pre-amortisation, and the second tranche of 50 million euros disbursed on December 15, 2023, with a duration of 16 years of which 4 years in pre-amortisation.

For the aforementioned loans, the following financial parameters are contemplated for their entire duration, calculated on the data of the Consolidated Financial Statements closed on December 31st (to be verified in arrears with reference to the twelve-month period ending on that date) and according to the definitions included in the contractual agreements:

- Net Financial Debt/MOL (EBIT+depreciations): lower than or equal to 5.
- Gross Financial Debt/MOL (EBIT+depreciations): lower than or equal to 4.5;
- EBITDA (EBIT+ Depreciation)/Net financial expenses (excluding the value adjustment of financial assets) greater than 5;
- Net Financial Debt/Net Equity: lower than or equal to 1.
- Residual value/Gross Financial Debt ratio greater than or 1.30 where the residual value calculated on the net accounting value, star-up expenses excluded.

In cases of noncompliance with even only one of said financial parameters, the European Investment Bank have the right to terminate the contract in advance.

It is worth highlighting that - as of December 31, 2023 - all the aforementioned financial parameters are complied with.

16. Provisions for employee benefits

EUR 9,860,193

The Provisions for employee benefits as at December 31, 2023 reflects the indemnity accrued by the employees up as at December 31, 2006, which will be exhausted by the payments to be made at the end of the work relations, or of any advance in compliance with the law.

The movements of the fund (which is not influence by the shared accrued during the fiscal year in favour of the employees throughout the year) has been as follows:

Employee Severance Provision		
– Balance as at December 31, 2022	€	9,367,892
– Social security costs	€	45,105
– Utilizations, adjustments, indemnities and advances paid out in the period	€	(919,633)
– Interest cost deriving from IAS 19	€	323,363
– Profits (losses) actuarial	€	166,867
Balance as at December 31, 2023	€	8,983,594

Other benefits refer to the estimated quantification of the seniority bonuses potentially due to employees that accrue the relevant requirements stipulated in in the company regulations entered below

Pension fund

- Balance as at December 31, 2022	€	883,688
- Social security costs	€	46,146
- Utilizations, adjustments, indemnities and advances paid out in the period	€	(73,440)
- Interest cost deriving from IAS 19	€	0
- Profits (losses) actuarial	€	20,205
Balance as at December 31, 2023	€	876,599

The following tables illustrate, respectively, the economic, financial and demographic assumptions made for the actuarial assessment of the liabilities in exam.

Economic-financial assumption

- Yearly actualization rate	3.08%
- Yearly inflation rate	2.00%
- Yearly Severance Provision increase rate	3.00%

Demographic assumptions

- Mortality	Tables RG 48
- Disability	INPS tables by age and sex
- Retirement age	Attainment of the requirements
- % of advance payment frequency	1.50%
- Turn-over	0.50%

17. Provisions for risks

EUR 18,971,220

These provisions are made up of:

A) Provisions for litigations and charges

EUR 12,964,020

The provisions for litigations and charges reflect the assessment - on the basis of valuation elements available - of the potential additional liabilities due to judicial and extra-judicial litigations which are currently in progress, as well as at other charges of various kinds which are certain or likely to occur in the future, such as tax litigation and other local charges.

The use mainly refers to the application of the expansion contract set aside in the previous financial year.

The adjustments mainly refer to evaluating the credit notes to be issued regarding the application of minimum user protection for losses on private systems.

- Balance as at December 31, 2022	€	17,254,364
- Provisions of the fiscal year	€	1,923,396
- Use in the fiscal year	€	(2,173,642)
- Estimate adjustment	€	(4,040,098)
Balance as at December 31, 2023	€	12,964,020

The balance of the allocations for litigations and charges as at 12/31/2023 is considered consistent for covering the following estimated potential liabilities.

B) Provisions for routine maintenance charges

EUR 1,049,844

The provisions for charges of routine maintenance reflects the valuation of the charge that was technically accrued but not yet liquidated as at the date of the Financial Statements because of the routine maintenance programs repeated over several years. Such program cannot be planned with certainty since they concern systems in continuous production cycle.

The provisions have not varied from the previous fiscal year, since it has been considered to be congruous:

- Balance as at December 31, 2022	€	1,049,844
- Provisions of the fiscal year	€	0
- Use in the fiscal year	€	0
Balance as at December 31, 2023	€	1,049,844

C) Provisions as per Regional Law of Piedmont 12/29/2000 n. 61

EUR 586,852

These reflect the destination of the administrative sanctions applied pursuant to art. 54 Legislative Decree 152/99 to be applied to fund the development of actions aimed at preventing and reducing the pollution of the bodies of water, net of activities carried out.

- Balance as at December 31, 2022	€	451,362
- Provisions of the fiscal year	€	536,208
- Adjustment of estimate in the fiscal year	€	(400,718)
Balance as at December 31, 2023	€	586,852

D) Provisions for Ambito management charges

EUR 3,720,504

The amount reflects the best estimate of the charges and of the potential risks connected to the management activities.

The fund includes the setting aside of penalties for missing technical quality objectives M6 (2021) and M3 (2023), respectively determined with ARERA resolution no. 183/2022/R/idr of 04/26/2022 (72,434 euros) and ARERA resolution no. 477/2023/R/idr of 10/31/2023 (89,683 euros), bonded to the financing of new investments.

Movement during the fiscal year is the following:

- Balance as at December 31, 2022	€	2,977,536
- Provisions of the fiscal year	€	2,103,968
- Use in the fiscal year	€	
- Adjustment of estimate in the fiscal year	€	(1,361,000)
Balance as at December 31, 2023	€	3,720,504

E) Provisions for charges to other companies

EUR 650,000

The provisions reflect the potential charges deriving from the commitments made by the shareholders for patronage of the Dexia-BIIS loan to APS S.p.A. in bankruptcy since 2013, and it wasn't used during the current fiscal year.

- Balance as at December 31, 2022	€	650,000
- Provisions of the fiscal year	€	0
- Adjustment of estimate in the fiscal year	€	0
Balance as at December 31, 2023	€	650,000

18. Deferred tax liabilities

EUR 292,530

The amount includes the deferred charges for income taxes (IRES and IRAP), which are computed at the rates on the advanced deduction costs.

The entry (EUR 293,039 in the previous fiscal year) shows a decrease from the previous fiscal year, due to the taxation that were computed in previous fiscal years and taxed in the current fiscal year.

These effects are itemized in the table below:

Description	Early Depreciation	Receivable interest in arrears	FTA financial liabilities depreciated cost	TOTAL
Taxable base as at 12.31.2022	1,037,341	0	2,122	1,039,463
Deferred tax as at 12.31.2022	292,530	0	509	293,039
Base allocation 2023			(2,122)	(2,122)
Tax uses 2023			(509)	(509)
Base adjustments 2023				0
Tax adjustments 2023				0
Base allocation 2023				0
Tax provisions 2023				0
Taxable base as at 12.31.2023	1,037,341	0	0	1,037,341
Deferred tax provision as at 12.31.2023	292,530	0	0	292,530

19. Other non-current liabilities

EUR 84,820,535

This item is made up as follows:

		December 31, 2023.	December 31, 2022.
• Acquapoint caution money	€	546,455	549,264
• Contributions to pay out	€	20,747	20,747
• Multiannual deferred income	€	84,253,333	81,476,720
Total	€	84,820,535	82,046,731

“Multiannual deferred income” includes the contribution for investments and the share of EUR 272,802 carried forward of the contributions on capital goods recognised by the Revenue Agency pursuant to art. 1(184/197) of law 160/2019, and art. 1(1054 and 1055) of law 178/2020. The increase derives from the collection of the advance of the PNRR contribution linked to the digital transformation project of the management of aqueduct systems and reduction of losses, net of the allocation to the income statement of the portions relating to amortised investments.

20. Trade payables

EUR 102,661,767

PREPAYMENTS

EUR 184,595

The entry (EUR 135,534 in the previous fiscal year) includes the amounts advanced for customer inspections for works still to be completed as at closing date of the financial statement.

DUE TO SUPPLIERS

EUR 82,739,662

Due to suppliers refers to:

		December 31, 2023	December 31, 2022
• Italian suppliers	€	31,351,062	34,269,738
• Foreign suppliers	€	197,625	41,491
• Invoices to be received	€	51,190,975	43,520,799
Total	€	82,739,662	77,832,028

All payables to suppliers fall due within the end of one year and in no case are they assisted by guarantees, in addition to the withholding amount of 0.5% on the jobs.

DUE TO ASSOCIATES		EUR 16,380	
		December 31, 2023	December 31, 2022
•	Due to associates	€ 16,380	16,380

The entry itemized in the section dedicated to it in the Directors' Report, includes the payables to the SAP Company under liquidation deriving from the residual trade transactions operated at normal market conditions.

DUE TO PARENT COMPANIES		EUR 736,175	
		December 31, 2023	December 31, 2022
•	DUE TO HOLDING COMPANIES	€ 763,175	594,411

The entry referred to the section dedicated to it in the Directors' Report refers to trade payables to the City of Turin, and none of them is assisted by a real guarantee on the corporate assets.

DUE TO OTHERS		EUR 18,957,955	
		December 31, 2023	December 31, 2022
•	Due to others	€ 18,957,955	23,400,231

This item consists mainly of trade payables to the Operative Management Subjects for invoices to be received for contractual obligations undertaken with the same.

21. Current tax liabilities		EUR 3,699,552	
		December 31, 2023	December 31, 2022
•	Withholding taxes held from employees and third parties as tax substitute according to the law	€ 2,230,206	2,039,930
•	VAT ACCOUNT FOR TAX AGENCY	€ 1,466,978	1,134,575
•	IRAP/IRES	€ 2,368	4,922,352
Total		€ 3,699,552	8,096,857

These liabilities mainly consist of withholding taxes on employees' income for EUR 1,814,785, already duly paid on the legal due dates in force in the following year, and VAT payable relative to the fourth quarter of 2023, net of the advance payment, already paid on the legal due dates in force.

22. Other current liabilities		EUR 70,560,751	
--------------------------------------	--	-----------------------	--

The other payables include:

		December 31, 2023	December 31, 2022
•	Due to Social Security Administration	€ 5,141,239	3,833,843
•	Accrued charges	€ 796	0
•	Deferred income	€ 43,786	70,390
•	From other:	€ 65,374,930	80,125,920
•	Local Authority fees	€ 3,427,011	3,144,717
•	Contributions to Comunità Montane	€ 43,925,438	42,632,162
•	Due to Municipalities for accessory services	€ 417,428	419,942
•	Other payables to entities/municipalities	€ 3,827,963	4,726,135
•	Accruals to liquidate to employees	€ 4,798,278	4,635,038
•	Other payables	€ 8,978,812	24,567,926
Total		€ 70,560,751	84,030,153

Payables to social security institutions all accrue by the end of one year and in no case are they assisted by guarantee or encumbered with interest.

The increase in the balance of payables to social security institutions as at 12.31.2021 is due to the application of the expansion contract.

At the time of drawing up the present financial statement these payables were paid on their due date.

As a whole, payables for Local Authority Fees and contributions to the Unioni Montane increased by ca. EUR 1.5 million.

In particular, Local Authority Fees primarily refer to the amounts due for 2023 for the instalments of the repayment plan of the loans taken out by the Municipalities based on the determinations made by the Ente d'Ambito No. 3 Torinese in the first months of the fiscal year 2024.

With reference to debts for the contributions to the Comunità Montane, these are paid on the basis of ad hoc communications by the Ente d'Ambito.

Payables to Municipalities for accessory services represent the best estimate of the amounts due on the basis of specific service contracts for operational activity in the relevant territory.

“Other payables to Entities and Municipalities” mostly consists of payables to CSEA for the equalising tariff components (UI), of the last two months to be paid, debts for IIS service fees to be paid to the managing entities and debts for various services.

The liability for accruals to be paid to personnel relates to accrued and untaken holiday leave, performance bonus and other accruals.

Sundry payables mainly include payables for security deposits (first and foremost to users) and smat card debits to be paid back to the insurance company and the residual portion for the social water and supplementary bonus.

The variation is due to the decrease in the debt for the social bonus of about EUR 16 million, disbursed to users.

Notes of commentary to the entries of the Income Statement

Revenues

23. Revenues EUR 371,063,942

Revenues are made up as follows:

		2023	2022
– Aqueduct service	€	153,086,490	151,078,695
– Sewer service	€	51,088,601	49,252,760
– Water treatment service	€	147,392,835	143,730,137
– Hydrants	€	5,227,450	4,807,859
– Tied revenues "FoNi"	€	(1,600,413)	(1,232,870)
– Other revenues	€	15,868,979	13,071,713
Total	€	371,063,942	360,708,294

All the revenues inherent to corporate business were obtained in the reference territory ATO 3 Torinese, as determined by the Piemonte Regional Law no. 13 of 01/20/1997 and include the best estimate of revenues accrued in the fiscal year for aqueduct, sewers, water treatment services and hydrants provided in the 292 Municipalities acquired by effect of the reunification process, and the municipality of Burolo where the water treatment service is provided.

They arise from the new rate structure applied as communicated by the Turin Area Authority following ATO Resolution no. 825 of November 3, 2022 and ARERA Resolution no. 644/2022/R/idr of November 29, 2022, which approved the update of the rate proposal for the years 2022-2023.

Accordingly, the 2023 rates show an increase of 8.4% over the previous year.

In the period under review, there was an average reduction in volumes for the Aqueduct service of 3.88%, mainly due to the estimated volumes to be billed in the financial year 2022 with respect to the billed volumes, as well as a drop in consumption in line with the previous year.

An examination of the changes in consumption in the year 2023 compared to 2022 broken down by type of user shows that the reduction is mainly attributable to 'Domestic' use, where the sub-typology of 'Domestic Condominium' had a significant impact. It is mainly characterised by utilities located in the municipality of Turin that are often mixed-use (i.e. with commercial utilities attached to the condominium).

Following the additions to the tariff proposal, approved by the above-mentioned ATO Resolution the item 'Revenues' was netted of the depreciation fund tariff component AMMFoNI. The revenues from the aqueduct, sewer and water treatment services are represented net of the 50% rate reduction for public municipal and provincial users for a total of EUR 6,147,993.

"Other revenues" mainly includes accessory revenues from users, industrial waterworks, invoices issued for works performed on behalf of users and third parties, in particular in connection with changes to the water and sewerage networks, revenues from biomass analysis and treatment, Water Points, sale of energy products such as biomethane collection, revenues from for no-core activities performed on the free market and adjustment of provisions.

The positive change compared to the previous year is mainly due to higher adjustments to the provision for risks and charges and the payment of technical quality and contractual quality premiums ordered by Arera with Resolutions Nos. 476/2023/R/idr and 477/2023/R/idr of 10/17/2023

This increase was offset by a decrease in revenue from the sale of energy products.

The item 'Revenues' thus shows an overall increase of 2.87%.

24. Revenues for planning and construction activities EUR 107,102,379

		2023	2022
– Revenues for planning and construction activities	€	107,102,379	97,264,788

This item refers to the "planning and construction" of assets under concession, which, as envisaged by IFRIC 12, is entered under revenues; the corresponding costs, net of the capitalized costs for internal increases, are entered under the entry "Costs for planning and construction".

25. Other revenues

EUR 27,512,771

The other operational revenues are composed as follows:

		2023	2022
– Grants for current expenses	(A) €	9,210,327	9,640,771
– Other			
▪ Contribution shares in production facilities	€	7,304,103	6,096,159
▪ Other revenues	€	5,613,766	4,858,846
▪ Contingent assets and non-existent liabilities	€	1,602,645	1,225,201
▪ Adjustments/allocations to provisions for liabilities and other charges	€	3,781,930	1,657,229
	(B) €	18,302,444	13,837,435
Total other revenues (A+B)	€	27,512,771	23,478,206

“Grants for current expenses” primarily refers to the tax credit for the purchase of electricity and gas, the incentive for the production of biomethane and for the production of energy from photovoltaic panels.

“Other” includes the economic accrual amount of contributions into the plants accounts, already commented on under the entry “multiannual deferred income” have these notes to the accounts, in addition to the other revenues (among which receivable lease payments, reimbursements for stamps and other reimbursements) and internal increases, contingent assets and non-existent liabilities in addition to the adjustments made to the provision of liabilities, as already commented in the dedicated section of Liabilities in these notes to the accounts.

The increase is mainly attributable to the increase in contingent assets, non-existent liabilities and adjustments to provisions for risks and charges. The item also shows higher releases of grants from public entities and the AmmFoNI component.

Operating costs

26. Consumption of raw materials and consumables

EUR 19,060,225

This entry includes:

		2023	2022
– Materials for maintenance net of changes in stock	€	8,903,414	6,941,766
– Chemicals	€	8,263,353	6,223,386
– Other materials	€	2,157,779	2,227,665
– Increases for in-house jobs	€	(264,321)	(368,551)
Total	€	19,060,225	15,024,266

This item shows a positive change due to the increase in the prices of chemical products and construction materials.

27. Costs for leased assets and services

EUR 147,152,352

This entry includes:

		2023	2022
– Electricity:	(A) €	50,410,569	43,759,987
– Maintenance, works and services & industrial	(B) €	71,868,330	73,481,754
– General services:			
▪ Services	€	14,207,102	11,950,310
▪ Allocation to Provision for liabilities and other charges	€	1,146,356	1,618,527
	(C) €	15,353,458	13,568,837
– Rentals to local entities	(D) €	5,529,161	5,944,633
– Rentals and payable concessions, leases and hires	(E) €	3,990,834	4,047,715
Total costs for leased assets and services (A+B+C+D+E)	€	147,152,352	140,802,926

The increase in 'Costs for services and use of goods' is mainly attributable to the cost of electricity.

The cost of electricity increased by about EUR 6.6 million compared to the previous fiscal year due to the increase in the average green fee of + EUR 0.03377/kWh despite the reduction in consumption of more than 6,201 MWh and the savings of about 1,600 MWh through the use of energy recovery technologies.

The effects of the pandemic and the Russian-Ukrainian conflict affected the dynamics of energy cost growth over the years, leading to a significant increase already in the 2022 financial year compared to 2021, when SMAT and the members of the Utility Alliance Network were able to procure supplies at a fixed price and at values below the sector averages.

The cost increase in 2023 also stems from the necessary switch from fixed price to variable price plus spread, as due to the extreme volatility of the energy market, major suppliers/traders of energy products were not willing to participate in fixed-price tenders.

ELECTRICITY	Project Budget 12/31/2023	Budget 12/31/2022	Variation
kWh	229,284,625	235,485,981	- 6,201,356
Average rate	0.21833	0.18456	+ 0.03377

The change in costs for "*Maintenance work and industrial services*" is determined by the combined effect of higher maintenance costs, higher costs for the transport and disposal of sludge of the Parent Company, which amount to over €10 million with an increase of over €1 million compared to the previous year, lower costs for gas utilities, which decreased by over €2.5 million, following the reduction in the average fee.

Within "*General Services*", for "*Services*" costs, there is an increase attributable to higher bank expenses related to the settlement of the social water bonus and postal expenses for reminder notices and communication of default notices.

The '*Fees to Local Authorities*' decreased in relation to the amortisation schedules of the loans contracted by the municipalities and communicated by ATO 3 Torinese.

Costs for '*Rentals and payable concessions, leases and hires*' are in line with the previous year.

28. Payroll costs

EUR 63,230,959

The payroll cost composition is the following:

		2023	2022
– Wages and salaries	€	44,248,678	42,302,938
– Social charges	€	13,753,353	13,299,559
– Severance package	€	2,870,362	2,907,951
– Pension and similar funds	€	46,147	66,438
– Other costs	€	2,312,419	3,936,074
Total	€	63,230,959	62,512,960

Relative to the accounting period, the average staff was composed as follows:

	Top Manag- ers	Middle Managers	Office work- ers	Laborers	Apprentices	Total
Position as at 12/31/2022	11	21	637	271	117	1,057
Position as at 12/31/2023	11	20	630	274	102	1,037
Variation	0	-1	-7	3	-15	-20

Relative to the accounting period, the average staff was composed as follows:

– Top Managers	11
– Middle Managers	21
– Office workers	638
– Laborers	275
– Apprentices	111

Payroll cost shows an increase of about EUR 0.7 million over the previous year. The change is mainly attributable to the increases in the CCNL (National Collective Labour Agreement) effective as at 10/01/2022 and 10/01/2023, the effects related to the 2022-2023 turnover, and the higher costs related to the expansion contract compared to the provision in 2022. These increases are offset by items included in "Other costs" and

essentially the absence of provisions for charges (which characterised last year's expansion contract and related items), as well as a lower revaluation of termination benefits, a lower cost for temporary staff and miscellaneous costs.

As at 12/31/2023, there were 31 active temporary employment contracts in the Parent Company, 1 active secondment part time contract.

29. Other operating expenses EUR 25,076,045

This entry includes:

		2023	2022
– Other tax charges	€	1,193,366	944,543
– Ambito fees	€	17,294,919	16,741,814
– Other charges	€	3,186,292	1,955,824
– Allocation to provisions for liabilities and charges	€	3,327,533	2,974,220
– Integrated water bonus		73,935	94,890
Total	€	25,076,045	22,711,291

“Other tax charges” mainly includes charges for stamp fees, IMU, government concession taxes and other local taxes. The positive change is attributable to the settlement of the dispute with the Inland Revenue for registration tax related to the acquisition of the SAP business.

The item “Territory fees” includes ca. EUR 15.7 million for the contributions to the Mountain Unions (calculated as indicated by the Territory Authority at 5% of the revenues for the year 2021), an increase over the previous year, and the operational costs of the Territory Authority and the contributions to the ARERA, depending on the resolutions passed and communications sent.

The item “Other fees” includes fees for association dues, reimbursement of damages and indemnity, and capital losses on disposal of assets

“Allocations to Provisions for Liabilities and Charges” cover liabilities and costs involving taxation, administration and other that are certain or probable but whose exact amount or date of occurrence are not yet determinable at this moment.

The cost of the “Supplemental water bonus” introduced with ARERA resolution 897/2017/R/IDR and ATO resolution 697/2018 shows a decrease over the previous fiscal year, due to the smaller number of applications received.

30. Costs for planning and construction activities EUR 103,137,269

		2023	2022
– Costs for planning and construction activities	€	103,137,269	93,719,326

This item refers to “Costs for planning and construction” of assets under construction, net of capitalized costs for internal increases that, according to IFRIC 12, is entered under costs; the corresponding revenues are entered under the entry “Revenues for planning and construction”.

31. Amortization, depreciation and write-downs EUR 95,222,613

The composition of this entry is as follows:

		2023	2022
– Depreciation tangible fixed assets	€	13,760,180	14,868,035
– Depreciation other intangible fixed assets	€	2,066,530	1,917,297
– Depreciation assets under concession	€	67,028,610	60,805,979
– Credits write-downs	€	12,367,293	13,586,477
– Other provisions	€	0	0
Total	€	95,222,613	91,177,788

Taking into account the presentation regarding valuation criteria, and the systematicity criterion, for calculating depreciation in the fiscal year the following ordinary rates were used:

Intangible fixed assets:	
– Assets under concession (improvement of third-party's assets and revertible assets)	Depending on the estimated technical-economic-profit life of various types of reference assets
– Assets under concession (use rights)	As a function of the durations of the ATO3 and SMAT S.p.A. service convention (2.033)
– Software licenses of use	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years
– Surface rights	As a function of the estimated profit life equivalent to the durations of the Company from the date of the Articles of Association
Tangible fixed assets:	
– Buildings and fences	3.50%
– Solar power plants	9.00%
– Light constructions	10.00%
– Specific plants and filtering plants	8.00%
– Metering devices	10.00%
– Laboratory and other equipment	10.00%
– Furniture and furnishings	12.00%
– Office equipment	12.00%
• Electronic machinery	20.00%
• Hardware	20.00%
• Cars	25.00%
• Motor vehicles for transport and other vehicles	20.00%
• Carbon assets	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed waterworks	2.50%
– Sewers	5.00%
– Water treatment plants	15.00%
– Machinery	12.00%
– Leased assets	Based on the contract duration

To the Increases of 2023 of tangible fixed assets the rates applied amount to 50% of the ones shown above, representing with the best estimate average rates as a function of the months of use.

The increase compared to 2022 results from the effect of the implementation of investments made in the financial year and works carried out in previous years.

The item also includes allocations to the Provision for Bad Debts of about EUR 12.4 million, calculated in accordance with IFRS 9 – Financial Instruments, as already reported under the relevant Asset entry in these Notes to the Financial Statements.

Financial income and expenses

32. Financial income EUR 9,782,811

This entry includes:

		2023	2022
– Revaluations of shareholdings	€	13,313	70,844
– Receivable interest and other proceeds	€	9,769,498	3,855,296
Total	€	9,782,811	3,926,140

The revaluation of shareholdings refers to Acque Potabili S.p.A. Under liquidation, determined following the valuation using the equity method.

“Receivable interests and other financial proceeds” include receivable interest on current accounts in banks and post offices, interest arrears and other financial proceeds and dividends from other companies.

The increase was mainly due to bank interest income, which resulted from the increase in interest rates applied to the company's liquidity and interest on arrears to users.

33. Financial expense**EUR 7,782,560**

The entry includes:

		2023	2022
– Payable interest and commissions on loans	€	7,013,359	4,104,594
– Other receivable interests and charges	€	769,201	202,385
Total	€	7,782,560	4,306,979

The “Payable interest and commissions on loans” include the accrued portion of loan charges and interest on the bond loan. The entry also includes adjustment of the charges as a function of the amortized cost method. The increase over the previous year stems from the higher incidence of interest on the EIB loans disbursed in November 2022 and December 2023, mitigated by lower interest and fees on earlier loans being repaid.

“Other interest payable and charges” include, in particular, financial charges on leased assets arising from the application of IFRS 16, financial charges related to the discounting of the provision for severance indemnities in application of IAS 19, and interest on the CSEA financial advance recognised in December and repaid in full on August 10, 2023.

34. Income taxes**EUR 13,096,362**

This entry includes:

		2023	2022
– IRAP	€	2,361,092	2,933,290
– IRES	€	12,072,497	15,689,156
– Taxes relative to previous fiscal year	€	(1,850)	(178,929)
– Change in payable deferred taxes	€	(509)	(613,119)
– Change in receivable deferred taxes	€	(1,334,868)	(4,450,676)
Total	€	13,096,362	13,379,722

In the area of current taxation, IRES and IRAP decreased slightly as a result of a corresponding reduction in the tax base, mainly due to lower increases (non-deductible provisions for risks) and higher decreases (utilisation and adjustment of estimated provisions for risks and charges).

Changes in deferred taxes are commented on in balance sheet items 'Deferred Tax Liabilities' and 'Deferred Tax Assets', respectively.

Other information

Below is the information regarding the commitments undertaken by the Company (I), to determine “Fair value” (II), to manage financial risks (III), to fees to the Directors and Auditors (IV), to the fees paid to the Auditing Firm (V), to the relationships with related parties (VI) and to the significant events occurring after December 31, 2023 (VII).

I. Commitments undertaken by the Group

To carry on the Acque Potabili operation, on February 24, 2020, the company entered into an agreement with associate company IRETI whereby it was agreed that the joint ownership of the interest in Acque Potabili would be maintained after the shareholders’ withdrawal, and all decisions would be taken jointly, even after the liquidation procedure.

II. Determination of the “fair value”: supplementary information

In regard to the valuation at fair value of the financial instruments in conformity with the requirements of IFRS7 we specify the following:

Assets

- Non-current financial assets – receivables:	Book value in financial statement is the “fair value” of the same
- Cash and cash equivalents:	Book value in financial statement is the “fair value” of the same
- Shareholdings available for sale:	Book value in financial statement is the “fair value” of the same

Liabilities

- Loans at variable rate:	Book value in financial statement is the “fair value” of the same
- Trade payables:	Book value in financial statement is the “fair value” of the same

III. Financial risk management

In conformity with the aforesaid IFRS 7, we specify that SMAT S.p.A., in the ordinary development of own operating assets, is potentially exposed to financial liabilities already commented on in the Directors’ Report.

IV. Fees to Directors and Auditors

Below is the itemization of fees to the Directors and Auditors of SMA Torino S.p.A.:

		2023	2022
Directors	€	334,643	287,456
Auditors	€	124,902	124,904

The fees correspond to the amounts deliberated by the Meetings of Shareholders and the obligatory contribution.

V. Fees to the Auditing Firm

The fees owed to the Auditing Firm Deloitte & Touche S.p.A. for its services of accounting audit of the financial statement and consolidated financial statement as at December 31, 2023 amounted to €86,000 for the audit, plus approximately €8,000 for other services other than auditing.

VI. Operations with related parties

The relations between the companies of the Group are regulated at market conditions. The relations between SMAT Torino S.p.A. and its subsidiaries and associates, and among these companies, are mainly of a business and financial nature.

Below is the itemization of the capital and economic balances inherent to operations with related parties for the fiscal year closed as at December 31, 2023 .

	Fiscal year 2023			
	Total revenues	Total operating costs	Receivables receivables and current other assets	Trade payables and current other liabilities
CITY OF TURIN	4,479,043	1,853,481	1,173,030	763,175
SAP SPA IN LIQUIDAZIONE	40,000	-	20,000	16,380
Total related parties	4,519,043	1,853,481	1,193,030	779,555
Total balance position	505,679,092	357,656,850	248,222,767	173,222,518
Weight % on total balance position	0.89%	0.52%	0.48%	0.45%

VII. Contributions pursuant to Law 4 August 2017 no. 124, art. 1, section 125

Over the course of the fiscal year now concluding, SMAT collected the following contributions from Public Administrations, net of contributions for private hook-ups collected from users.

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
01/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
01/27/2023	MUNICIPALITY OF DRU-ENTO	COMMITMENT OF EXPENDITURE FOR FLASKS	320	320	
01/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	14,913	14,913	
01/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
01/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	211,500	211,500	
02/28/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	15,284	15,284	
02/28/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
02/28/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	31,983	31,983	
02/28/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	209,250	209,250	
03/03/2023	MUNICIPALITY OF MON-CALIERI	WHITewater SEWER AND STORMwater DISPOSAL	49,219		49,219
03/13/2023	REGIONE PIEMONTE	CONTRIBUTION FOR EXTRAORDINARY SEWER CLEANING MONCALIERI	2,648		2,648
03/14/2023	REGIONE PIEMONTE	2016 FLOOD CONTRIBUTION	60,000	60,000	
03/14/2023	REGIONE PIEMONTE	CONTRIBUTION FOR AUTOMATED FLOODGATE SETTIMO T.SE	121,500		121,500
03/14/2023	REGIONE PIEMONTE	VINOVO SEWERAGE LIFTING CONTRIBUTION	22,958		22,958
03/14/2023	REGIONE PIEMONTE	CONTRIBUTION FOR WATER PIPELINE REPLACEMENT	80,000		80,000
03/14/2023	REGIONE PIEMONTE	SANGONE STREAM BANK RESTORATION CONTRIBUTION	44,456		44,456
03/21/2023	MUNICIPALITY OF MON-CALIERI	WHITewater SEWER AND STORMwater DISPOSAL	944,295		944,295
03/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
03/31/2023	MUNICIPALITY OF SAN MAURIZIO CANAVESE	COMMITMENT OF EXPENDITURE FOR FLASKS	1,000	1,000	
03/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	213,375	213,375	
04/19/2023	TERRITORY AUTHORITY No. 3	CONTRIBUTION FOR DIGITAL TRANSFORMATION OF WATER SYSTEMS MANAGEMENT - PNRR - MIT	5,000,000		5,000,000
04/28/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	245,250	245,250	
05/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
05/10/2023	REGIONE PIEMONTE	2000 FLOOD CONTRIBUTION	299,739		299,739
05/18/2023	MUNICIPALITY OF AIRASCA	COMMITMENT OF EXPENDITURE FOR FLASKS	520	520	

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
05/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	307,125	307,125	
05/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
06/07/2023	MUNICIPALITY OF MON-CALIERI	WHITEWATER SEWER AND STORMWATER DISPOSAL	108,623		108,623
06/12/2023	MUNICIPALITY OF MON-CALIERI	WHITEWATER SEWER AND STORMWATER DISPOSAL	12,811		12,811
06/19/2023	UNIVERSITY OF TURIN	PROJECT UE H2	25,929	25,929	
06/30/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	312,000	312,000	
06/30/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,010	22,010	
07/13/2023	INSTITUTO TECNOLOGICO DE CASTILLA Y LEON	PROJECT IMERMAID	102,316	102,316	
07/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	318,000	318,000	
07/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	22,010	22,010	
08/09/2023	AUTORITA DI BACINO DISTRETTUALE DEL FIUME PO	PROJECT LIFE CLIMAX PO	37,065	37,065	
08/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	278,250	278,250	
31/08/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,010	22,010	
31/08/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	4,521	4,521	
31/08/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	22,238	22,238	
09/18/2023	REGIONE PIEMONTE	CONTRIBUTION FOR UPGRADING CEIS SEWAGE TREATMENT PLANT	382,945		382,945
09/18/2023	REGIONE PIEMONTE	CONTRIBUTION FOR TRANSFORMATION OF PURIFICATION PLANT IVREA FROM SECONDARY TO TERTIARY	296,460		296,460
09/29/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	241,500	241,500	
10/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
10/16/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "PNRR E FONDI EUROPEI" COD. CFA 079/2022	2,242	2,242	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "FONTI RINNOVABILI, LEAN PRACTITIONER, PROGETTAZIONE INTERNA" COD. CFA 211/2022	3,352	3,352	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "PIATTAFORMA NIMBLE" COD. CFA 061/2022	5,550	5,550	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "FORMAZIONE IN MATERIA DI ANTICORRUZIONE, TRASPARENZA E MOG 231" COD. CFA 003/2022	6,622	6,622	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "GIUDICI SENSORIALI E MASTER PRIVACY GDPR" COD. CFA 128/2022	7,406	7,406	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "LA DIREZIONE LAVORI E LE PROBLEMATICHE DI CANTIERE TRA CONTENZIOSO SU RISOLUZIONI, RISERVE E APPLICAZIONE DELLE PENALI" COD. CFA 112/2022	8,162	8,162	
10/26/2023	ENEL ITALIA	CONTRIBUTION DEL. 540/21	10,000	10,000	
10/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	222,000	222,000	
10/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
10/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	1,454	1,454	
11/07/2023	REGIONE PIEMONTE	CONTRIBUTION FOR UPGRADING PLANT TALA SETTIMO ROTTARO	44,527		44,527
11/22/2023	FINPIEMONTE	CONTRIBUTION PER BIOGAS4ENERGY - BIOGAS CLEAN-UP	15,057		15,057
11/29/2023	UNITED NATIONS	PROJECT EU-WOP PROGRAMME – GWOPA	111,913	111,913	
11/30/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	205,500	205,500	
30/11/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
11/30/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "LA MOBILITA' SOSTENIBILE DEL GRUPPO SMAT" COD. CFA 016/2023	8,104	8,104	
12/13/2023	REGIONE PIEMONTE	2020 FLOOD CONTRIBUTION	4,589	4,589	

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
12/19/2023	AREA DI RICERCA SCIENTIFICA E TECNOLOGICA	CONTRIBUTION FOR ENERPLAN PROJECT	48,908		48,908
12/29/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	229,875	229,875	
		TOTAL	11,217,434	3,743,288	7,474,146

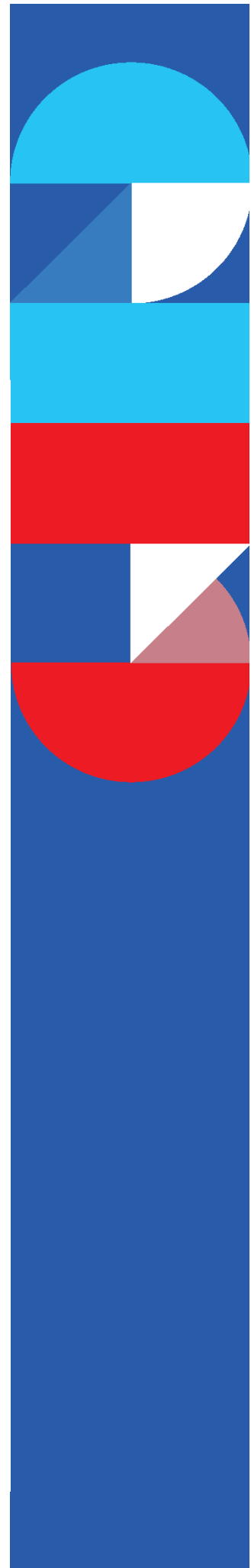
The company benefited from a tax credit of EUR 5,238,702 for the purchase of electric energy and gas for the first and second quarters of 2023, and a tax credit of EUR 51,783 for investments in capital goods pursuant to art. 1(1054)(1055) of Law no. 178/2020.

VIII. Significant events occurring after December 31, 2023

Significant events occurring after 12/31/2023, are itemized in the dedicated section of the Directors' Report.

**FINANCIAL
STATEMENT
FOR FISCAL
YEAR
SMAT S.P.A.**

**IAS/IFRS FRAMEWORKS
NOTES TO THE ACCOUNTS**



STATEMENT OF FINANCIAL POSITION

Euro	Remarks	12/31/2023	12/31/2022
ASSETS			
Non-current assets			
Tangible fixed assets	1	140,682,957	139,655,640
Goodwill	2	5,928,005	5,928,005
Other intangible assets	3	2,989,797	2,810,322
Assets under concession	4	884,673,089	807,450,061
Shareholdings	5	11,715,845	11,715,845
Deferred tax assets	6	23,806,467	22,454,856
Non-current financial assets	7	1,407,960	1,369,497
Other non-current assets		0	0
Total non-current assets		1,071,204,120	991,384,226
Current assets			
Inventory	8	9,516,760	8,242,024
Trade receivables	9	240,082,919	251,006,321
Current tax assets	10	5,282,263	3,241,693
Current financial assets	11	1,084,825	2,981,033
Other current assets	12	8,393,714	25,072,993
Cash and cash equivalents	13	110,137,402	124,100,269
Total current assets		374,497,883	414,644,333
Assets intended for sale		0	0
TOTAL ASSETS		1,445,702,003	1,406,028,559

STATEMENT OF FINANCIAL POSITION

Euro	Remarks	12/31/2023	12/31/2022
NET EQUITY AND LIABILITIES			
NET EQUITY			
Share capital		345,533,762	345,533,762
Legal reserve		27,887,553	25,808,344
Reserve restricted for PEF implementation		344,944,872	313,340,899
FTA reserve		(2,677,452)	(2,677,452)
Other reserves and retained earnings		3,997,002	4,129,162
Profit for the year		41,451,216	41,584,175
TOTAL NET EQUITY	14	761,136,953	727,718,890
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	253,082,841	345,351,257
Provisions for employee benefits	16	8,741,439	9,241,138
Provisions for risks	17	18,971,220	22,283,106
Deferred tax liabilities	18	292,530	293,039
Other non-current liabilities	19	84,816,852	82,041,993
Total non-current liabilities		365,904,882	459,210,533
Current liabilities			
Current financial liabilities	15	139,403,317	20,540,730
Trade payables	20	105,679,818	107,039,043
Current tax liabilities	21	3,639,580	7,976,921
Other current liabilities	22	69,937,453	83,542,442
Other current financial liabilities		0	0
Total current liabilities		318,660,168	219,099,136
Liabilities intended for sale			0
TOTAL LIABILITIES		684,565,050	678,309,669
TOTAL NET EQUITY AND LIABILITIES		1,445,702,003	1,406,028,559

INCOME STATEMENT

	Remarks	2023	2022
REVENUES			
Revenues	23	370,990,015	360,936,670
Revenues for planning and construction activities	24	107,102,379	97,264,788
Other revenues	25	24,113,660	20,660,454
Total revenues		502,206,054	478,861,912
COSTS			
Consumption of raw materials and consumables	26	18,935,566	14,879,246
Costs for leased assets and services	27	146,182,265	140,392,614
Payroll costs	28	61,478,678	60,745,887
Other operating expenses	29	24,904,444	22,686,435
Costs for planning and construction activities	30	103,137,269	93,719,326
Total operating costs		354,638,222	332,423,508
Gross operating margin		147,567,832	146,438,404
Depreciation, provisions and write-downs	31	(95,187,169)	(91,151,725)
Operating income (EBIT)		52,380,663	55,286,679
Financial income	32	9,878,032	3,864,207
Financial expense	33	(7,746,486)	(4,301,398)
Total financial management		2,131,546	(437,191)
Result before taxes		54,512,209	54,849,488
Income Taxes	34	(13,060,993)	(13,265,313)
PROFIT (LOSS) FOR THE YEAR		41,451,216	41,584,175

COMPREHENSIVE INCOME STATEMENT

	Remarks	2023	2022
A. Profit for the year		41,451,216	41,584,175
Current profit (loss) on Severance Fund		(160,150)	1,779,639
Fiscal effect on Profits/(losses) that will not later be reclassified in the Income Statement		0	0
B. Profits/(losses) entered directly under Net Equity and that will not later be reclassified in the Income Statement		(160,150)	1,779,639
Share of other profits/(losses) by the Enterprises assessed by the Net Equity method		0	0
Fiscal effect on profits/(losses) that will later be reclassified in the Income Statement when certain conditions will be met		0	0
Profits/(losses) entered directly under Net Equity that will not later be reclassified in the Income Statement		0	0
D. Total profit for the year (A + B + C)		41,291,066	43,363,814

CASH-FLOW STATEMENT FOR THE FISCAL YEAR

Euro	Re- marks	2023	2022
A. Financial flow of operating assets		128,569,210	130,434,130
	Net Profit (loss) for the year	41,451,216	41,584,175
	Adjustments for non-monetary costs and revenues		
	Amortization of intangible assets	2,061,559	1,913,709
	Depreciation of tangible assets	13,733,057	14,845,560
	Depreciation of assets under concession	67,028,610	60,805,979
	Change in provisions for liabilities and charges	(3,311,886)	6,135,012
	Change in provisions for benefits to employees	(499,699)	(2,597,969)
	Change in advance deferred taxes	(1,352,120)	(5,105,178)
	Change in other non-current assets/liabilities	2,736,397	29,340,079
	Change in Net Equity reserves		
	Difference in conversion	0	0
	Actuarial profit and loss	0	0
	Other movements	(159,952)	1,779,635
	Change in net working capital		
	(Increase)/Decrease in trade receivables	10,923,402	(25,634,777)
	(Increase)/Decrease in other assets	16,534,917	(22,959,206)
	(Increase)/Decrease in inventory	(1,274,736)	(784,708)
	(Increase)/Decrease of the trade payables	(1,359,225)	19,361,152
	Increase/(Decrease) in other liabilities	(17,942,330)	11,750,667
B. Financial flows of investment assets		(161,253,046)	(110,549,545)
	Disinvestments /(investments) of intangible fixed assets	(2,241,034)	(2,626,651)
	Disinvestments/(investments) of tangible fixed assets	(14,760,374)	(10,992,019)
	Disinvestments /(investments) of assets under concession	(144,251,638)	(96,930,875)
	Changes in the investments	0	0
	Changes in the consolidation area		
C. Financial flows of financial assets		18,720,969	57,506,509
	Cash from the issue of share capital	0	0
	(Purchase)/Release of shares	0	0
	Change of the financial payables	26,219,266	67,555,742
	Other changes in financial liabilities	374,905	(3,585,433)
	(Dividends paid)	(7,873,202)	(6,463,800)
D. Net flow generated by the management (A ± B ± C)		(13,962,867)	77,391,094
E. Initial liquid assets		124,100,269	46,709,175
F. Final liquid assets (D ± E)		110,137,402	124,100,269

CHANGES IN NET EQUITY

(Units in Euro)	12/31/2021	Allocation of result	Distribution of dividends	Other movements	Result for the year	12/31/2022
Share capital	345,533,762					345,533,762
Legal reserve	24,098,579	1,709,765				25,808,344
Reserve restricted for PEF implementation	287,352,460	25,988,439				313,340,899
FTA reserve	(2,677,452)				0	(2,677,452)
Other reserves and retained earnings:						
• <i>Optional reserve</i>	34,342,562				0	34,342,562
• <i>Severance actualization reserve</i>	(467,361)				0	1,779,639
• <i>Negative reserve for own shares in portfolio</i>	(32,993,211)				0	(32,993,211)
• <i>Reserve for rounding up</i>	(1)				(4)	(5)
• <i>Retained earnings</i>	1,434,229	6,497,110	(6,463,800)		(1)	1,467,538
Total other reserves and retained earnings	2,316,218	6,497,110	(6,463,800)		(5)	1,779,639
Operating income	34,195,314	(34,195,314)			41,584,175	41,584,175
TOTAL NET EQUITY	690,818,881	0	(6,463,800)		(5)	43,363,814

(Units in Euro)	12/31/2022	Allocation of result	Distribution of dividends	Other movements	Result for the year	12/31/2023
Share capital	345,533,762					345,533,762
Legal reserve	25,808,344	2,079,209				27,887,553
Reserve restricted for PEF implementation	313,340,899	31,603,973				344,944,872
FTA reserve	(2,677,452)				0	(2,677,452)
Other reserves and retained earnings:						
• <i>Optional reserve</i>	34,342,562				0	34,342,562
• <i>Severance actualization reserve</i>	1,312,278				0	(160,150)
• <i>Negative reserve for own shares in portfolio</i>	(32,993,211)				193	(32,993,018)
• <i>Reserve for rounding up</i>	(5)				5	0
• <i>Retained earnings</i>	1,467,538	7,900,993	(7,873,202)		1	1,495,330
Total other reserves and retained earnings	4,129,162	7,900,993	(7,873,202)		199	(160,150)
Operating income	41,584,175	(41,584,175)			41,451,216	41,451,216
TOTAL NET EQUITY	727,718,890	0	(7,873,202)		199	41,291,066

SMA TORINO S.P.A. SUPPLEMENTARY NOTE

Application of IAS/IFRS and its effects

European (CE) Regulations no. 1606/2002 of July 19, 2002 introduced the obligation, starting from fiscal year 2005, to apply the International Financial Reporting Standards ("IFRS"), as amended by the International Accounting Standards Board ("IASB"), and adopted by the European Union ("IFRS" or "International Accounting Principles") for the drafting of the statements of account of the companies holding capital and/or debt shares quoted in one of the markets regulated by the European Community. On April 13, 2017, SMAT issued a bond loan for a rated amount of a EUR 135 million subscribed by institutional investors and it provided for quotation at the Irish Stock Exchange. In compliance with the aforementioned legislative provisions, SMAT is therefore supposed to draft the consolidated and fiscal year financial statement in compliance with the IFRS starting from the fiscal year closed on December 31, 2016.

This statement of account is therefore drafted in compliance with the IFRS in force at the date of its approval. IFRS means the new International Financial Reporting Standards, the reviewed international accounting principles ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly named Standing Interpretations Committee ("SIC"), certified and adopted by the European Union.

The Financial Statements schedules and the accounting information reported in the Explanatory Notes comply with the book entries they directly derive from. The IFRS were applied in coherence to all the periods presented in this document.

The statement of account prospectus, as provided for in IAS 1, reports by appropriate comparison the indication of the previous year values. Where required, the data of the previous fiscal year have been suitably adapted in order to ensure the appropriate comparison.

This Financial Statements has been set in the perspective of corporate continuity and on the bases of the contractual criteria of the historical cost, with the exception of some book entries, which are calculated at the fair value, in compliance with the provisions of the International Accounting Principles.

Structure and contents of the financial statement

The diagram used for the profit and loss account is in scale with the different items analysed according to their type. We believe this presentation, which is aligned with international procedure, is the one that best represents the company results. The total Income Statement is presented, as allowed by the revised IAS 1, in a document separate from net equity, and distinguishes between the components that can be reclassified in the Income Statement and those that cannot. The other components of the total Income Statement are highlighted separately also in the schedule of the net equity changes. The diagram of the equity and financial positions highlights the separation between the current and non-current assets and liabilities. The financial reporting is drafted according to the indirect method, as allowed by IAS7.

The general principle adopted in setting up this financial statement is the cost one, with the exception of the financial assets and liabilities (including the derivative instruments) which are assessed at fair value. The preparation of the Financial Statements has required the use of estimates by the management; the main areas characterized by particularly significant assessments and assumptions, together with those that have remarkable effects on the situations presented, are reported in section "Use of Estimates". All the accounting prospects of the equity and financial status and of the Income Statement are expressed in EUR unit, as are the data entered in the explanatory comments, except when it is otherwise indicated.

Valuation criteria

The valuation of the financial sheet items was drawn up based on the general criteria of prudence and accrual, in the prospect of continuation of the business. For the purposes of accounting determinations, priority is given to the economic substance of operations rather than to the legal status.

As regards the economic aspect, we specify that the costs and revenues shown include the figures of the end of the year that match the contra items of the Financial Position. In relation to this, profits are included only if

realized by the date of closure in the fiscal year, while the risks and losses were taken into account even if known after that date.

Tangible fixed assets

The tangible assets are identified at the purchase or production cost including the accessory charges, or at the value based on appraisals of the company equity, in case of acquisitions of companies, net to the relevant depreciation fund and to any losses of value. The production cost included the direct and indirect costs for the share that can be reasonably ascribed to the assets (e.g.: personnel costs, transport, customs duties, expenses for the preparation of the area of installation, testing costs, notary and land register expenses) The cost includes any professional fees and - for some goods, the financial charges capitalized up to the coming into service of the good. The cost includes any cost for site reclaiming, on which the tangible asset lays, complies with the provisions of IAS 37.

The expenses for the ordinary maintenance are fully charged to the Income Statement. The costs for improvements, modernization and transformation of incremental nature are computed to the capital assets. The accounting value of the tangible assets is submitted to verification to identify any losses of value, in particular when events or changes of condition identify that the charged value cannot be recovered.

The tangible assets are entered gross to the system revenue grants which are identified in the Income Statement throughout the period of time required to refer them to the relevant costs; they are represented in the equity and financial status by reporting the grant as deferred revenue.

The depreciation starts when the assets enter the production cycle and - for the new acquisitions – it is calculated at 50% of the full rate part, since it is considered as representative of the actual use of the goods. The current assets include the costs relevant to intangible assets whose economic utilization process has not started yet. The tangible assets are systematically depreciated every fiscal year based on economic and technical rate parts that are considered as representative of the residual potential of use of the assets. In the Notes to the Accounts are detailed the tables with the depreciation rate parts that have been taken into account for the depreciation of the assets.

“Assets under construction and payments on account” includes payments to suppliers for advances concerning the acquisition of tangible fixed assets

As required by IAS 16, the estimated useful lifespan of the tangible assets is reviewed every fiscal year, in order to assess the need of an overhaul. In case it is ascertained that the estimated useful lifespan does not represent as appropriate the future expected benefits, the relevant depreciation plans must be redefined based on the new assumptions. Such changes are reported in a prospect to the Income Statement.

During the fiscal year that has been closed, no change was entered under the depreciation plans for any of the categories of tangible assets.

The land is not depreciated,

Pursuant to accounting principle IFRS 16 - Leases, since January 1, 2019, for leases previously classified as operational, the Company recognises:

- financial liability, equal to the current value of future residual payments on the date of transition, implemented using the applicable incremental borrowing rate on the date of transition for each contract;
- usage right equal to the value of financial liability on the date of the transition, net of any accruals and deferrals in the statement of assets and liabilities on the date of closure for this balance sheet.

The profits or losses that derive from the alienation or dismissals of a tangible asset are identified as the difference between the sale revenue and the net accounting value of the asset and they are identified in the Income Statement at the moment the buyer is transferred the risks and benefits connected to the ownership of said asset.

Goodwill and other Intangible fixed assets

The identifiable controllable intangible assets are identified in the accounting; their cost can be reliably determined provided that such activities generate economic benefits in the future. Such assets are identified at cost value in compliance with the criteria indicated for the tangible assets and - if their useful lifespan is defined - they are depreciated throughout the period of such estimated lifespan. The depreciation starts at the moment the asset is ready to be used or - in any case - it starts producing economic benefits for the enterprise. The

current assets include the costs relevant to intangible assets for which the economic utilization process has not started yet.

The intangible assets with defined useful lifespan are systematically depreciated starting from when the asset is available for use throughout the period of expected usefulness. The intangible assets with defined useful lifespan are systematically depreciated starting from when the asset is available for use throughout the period of expected usefulness. The goodwill and the other activities whose useful lifespan is not defined are not subject to systematic depreciation, but they are subject to yearly verifications of recoverability (the so-called impairment test) run at the level of the individual Cash Generating Unit (CGU) or groups of CGU's whose indefinite useful lifespan assets can be reasonably allocated. The test is described hereinafter in "Reduction of the value of the assets". Any write-down ascribed to goodwill cannot be subject to subsequent return to default values.

The goodwill acquired against payment at the time of the disposal of company branches SAC (January 1, 2014) and SAP (July 1, 2015) was reallocated whereby the entire company is conceived as the cash-generating unit or the operating unit aimed at recovering the value recorded. This goodwill is not amortised, but it is submitted every year to the so-called impairment test.

The intangible assets identified as a result to an aggregation of companies are reported separately from the goodwill, if their fair value is reliably determined.

The profits or losses that derive from the alienation of an intangible asset are identified as the difference between the dismissal value and the loading value of the asset and they are identified in the Income Statement at the moment the buyer is transferred the risks and benefits connected to the ownership of said asset.

Assets under concession

The concessions mainly consist of rights relevant to networks, systems and other equipment relevant to the Integrated Water Service given under license to SMAT Spa and which are functional to the management of such service. Such licenses are classified in a purposely-allocated item according to the interpretation IFRIC 12 – Service Concession Arrangements. As far as the depreciation is concerned, IFRIC provides that the latter is calculated on the basis of what is stated in the agreement and - in particular - in a constant measure for the shorter period of time between the technical and economic life of the assets given in license and the duration of the license itself, until the takeover value provided for in the license agreement is achieved.

The cost includes - for some goods, the financial charges capitalized up to the coming into service of the good.

In particular, the value of the right of use of the public assets of the waterworks of the City of Turin and of C.I.A.C.T., which are defined in compliance with the expert appraisal of transfer, have been reported in this Financial Statements on the basis of the duration of the relevant agreement deed extended by Ente d'Ambito Torinese n. 3. The depreciation of the improvements made to said assets after the transfer date have been determined based on the estimated economic and technical useful lifespan. The depreciations on the improvements made to the well systems entrusted in direct management to the Company have been determined with reference to the estimated economic and technical useful life of the improvements made.

The extension of the waterworks system of the City of Turin, received under a license agreement and for which it was established in the previous license contract by the City of Turin to AAM Torino S.p.A. (now liquidated) to be devolved free of charge at the end of the license have been depreciated on the basis of the estimated economic and technical life of said extension.

The extension includes the rights on networks, systems and other equipment relevant to the Integrated Water Service and connected to services managed by SMAT S.p.A. The implementation of IFRIC 12 has required the application to the same infrastructures - of IAS 11, since, if the licensee builds or upgrades an infrastructure it does not control, the relevant services of building and upgrading developed on behalf of the licensor are considered as actual activities developed against purchase order. Since a large part of the activities is sub-contracted and that the margin of benefit acknowledged in the remuneration of the service rate cannot be identified separately on the building activities that were developed in-house, such infrastructures are identified based on the cost that was actually sustained.

The item "Assets under construction and payments on account" includes costs incurred for the acquisition or in-house production of intangible assets, mainly works realised on the concession network that have not yet

entered into operation, and includes payments to suppliers for advances concerning the acquisition of intangible assets.

Shareholdings

The Investment in subsidiaries and related companies is identified at cost, adjusted in case of losses of value to adapt it to the relevant recoverable value, in compliance with the provisions of IAS 36 – Reduction of the asset value. When the losses no longer exist or reduces, the accounting value is incremented up to the new estimate of the recoverable values, which cannot in any case exceed the original cost. The resuming of the value is entered under the Income Statement.

Shares in other companies are valued at fair value in accordance with the other components in the comprehensive financial statement. Shares held exclusively for the purpose of subsequent alienation are excluded from this approach, and their fair value is inserted in the profits (losses) of the fiscal year. The risk deriving from any losses exceeding accounting value of the shareholding is identified in a purposely-allocated fund insofar the parent company is committed to comply with the legal obligations or in those that are implicit to the subsidiary or in any case to cover its losses.

To ensure the correctness of the recorded value, the shares in partner companies and other companies were subjected to the impairment test. Operationally, for the purpose of this test, the accounted value of reference for these shares was determined and then compared with the recoverable value identified through valuation performed by an external independent expert.

In case the share of competence of the Company of the losses in the participating interest exceeds the accounting value of the participating interest, the value of the participating interest is zeroed and the share of any further losses is identified as a liability fund in case the Company is obliged to respond to it.

The dividends received are recognized in the Income Statement once the right to receive the relevant payment is established. In case the related company has distributed dividends, also the following aspects are considered as potential indicators of loss of value:

- The reported value of the participating interest exceeds the accounting value in the consolidated balance sheet of the net assets of the related company, including the relevant goodwill;
- The dividend exceeds the overall value of the profit and loss account in the period of time the dividend refers to.

The financial assets the Company intends to and can keep until the expiry are reported at the cost represented by the fair value of the initial amount given in exchange, incremented by the transaction cost. As a result of the initial identification, the financial assets are assessed through the criteria of depreciated cost, using the method of the actual interest rate.

Non-current financial assets

Such category includes those assets that are not represented by derivate instruments and are not quoted in an active market, of which fixed or identifiable payments are expected. Such assets are assessed at the depreciated cost based on the actual interest rate method. If there is objective evidence of the value loss indicators, the value of the assets is reduced in such a measure to result equal to the discounted value of the flows that can be obtained in the future: the losses of value determined through the impairment test are reported in the Income Statement. If the reasons of the previous write-downs no longer stand in subsequent periods, the value of the assets is resumed until it reaches the value that would derive from the application of the depreciated cost if the impairment had not been performed. Such assets are classified as current assets, except the shares whose expiry is longer than 12 months, which are included amongst the noncurrent assets.

Inventory

The stocks are assessed at the lowest value between the average weighed cost for the movement and the corresponding market value, in order to reflect any conditions of technical obsolescence or low turnover, is reported in the purposely-allocated devaluation fund taken to direct reduction of the stocks to take the cost back of the expected realisable value.

Receivables

The credits are initially computed at the "fair value" and - then - at the depreciated cost, where it is significant, using the actual interest rate, reduced for losses of value. The losses of value of the credits are reported in the Income Statement when objective evidence is detected that the Group shall not be able to recover such credit.

The amount of the write-down is measured as the difference between the accounting value and the current value of the expected future financial flows. The value of the credits is reported in the financial statement net of the credit write-down fund.

With reference to the impairment test, the IFRS 9 principle – Financial Instruments: recognition and measurement - of the year 2018 requires that the estimate of the losses on credits is performed on the basis of the expected losses model (instead of on the model of the incurred losses utilized by IAS 39) using supportable information, available without charges or unreasonable efforts that required historical, current and prospective data; The principle foresees that the impairment test is applied to all financial instruments, or to financial activities valued at the amortized cost, to those valued at fair value , to credits derived from rental contracts and commercial credits. The Company has developed a credit analysis model whereby it also takes into account receivables not yet overdue in establishing the provision for bad debts, and determines the write-downs to be applied to the different types of receivables past due.

Financial assets and other current assets

They are initially reported at the “fair value” (including the costs incurred for the acquisition/emission) at the date of the transaction. Then, they are assessed at the depreciated cost, using the actual interest rate criteria, wherever it is significant and assimilating any losses of value into the Income Statement.

Industry information

The information relevant to the sectors of activity was arranged in compliance with the provisions of IFRS 8 “Operational sectors”, which include the submittal of the information in compliance with the modes adopted by the management for the operational decision-making.

Therefore, the identification of the sectors of operation and the information submitted are defined based on the internal reporting used by the management for the allocation of the resources to the different segments and for the analysis of the relevant performance.

A sector of operations is defined by IFRS 8 as a component of a body that : I) undertakes entrepreneurial activities that generate cost and revenue (including the revenues and costs concerning operations with other components of the same body); II) whose operational results are regularly reviewed at the highest operational decision-making level of the body for the purposes of the adoption of decisions as related to the resources to be allocated to the sectors and of the assessment of the results; III) for which separate information is available in the financial statement.

The management has identified only one operational sector, into which all the main services and products supplied to the customers flow, since the activity of the company consists of the management of the Integrated Water Service which is no further broken down at the level of the internal strategic reporting.

Cash and cash equivalents

The liquidity includes the cash on hand, also in the form of checks, and on demand bank deposits. The equivalent means consist of financial investments with a three-month expiry or lower (as from the date of their purchase), which can be promptly converted into liquidity and with an insignificant risk of variation in their value. Such items are calculated at fair value; profits or losses deriving from any changes in the fair value are reported in the Income Statement.

Own shares

Own shares are entered as a reduction of the Net Equity. Also the counter value deriving from their release is reported with net equity counterpart, with no computing into the Income Statement.

Provisions for liabilities and charges, benefits to the employees

The provisions for contingencies and charges concern charges of a determined nature and whose certain or likely existence that - at the date the Financial Statements is being closed - are undetermined as far as the amount or the date of occurrence are concerned. The provisions are identified when: The provisions are identified when: (i) the existence of a current, legal or implicit obligation deriving from a past event, is likely; (ii) the compliance with subject obligation is likely to be burdensome; (iii) the amount of the obligation can be reliably estimated.

The provisions to the funds represent the best estimate of the costs required to face compliance at the date of the Financial Statements (assuming there are sufficient elements to run such estimate) and they are actualized when the effect is significant, and the required information is available. In such cases, the provisions are determined by actualizing the future cash flows at a discount rate before taxes that reflects the current market

assessment and take into account the risks connected to the company activity. When the actualization is performed, the increment of the provisions due to time is reported in the financial charges. If the liabilities are due to material activities (e.g.: revamping of sites) the fund is reported in counterpart to the activity it refers to and the identification of the charge in the Income Statement is performed through the depreciation process of the tangible asset the charge refers to. In case of redefinition of the liabilities, the methods provided for by IFRIC 1 are applied.

The explanatory notes also illustrate potential liabilities represented by; (i) potential - though not likely - obligations deriving from past events, whose existence shall only be confirmed upon occurrence of one or more uncertain future events that are not under the full control of the Company; (ii) current obligations deriving from past events, whose amount cannot be reliably estimated or whose compliance with is likely not to be onerous.

Benefits to the employees (Severance pay)

The liabilities relevant to the defined benefit programs (such as the Severance pay for the amount accrued before January 1, 2017, and the other benefits for the employees) are defined net to any activities at the service of the plan, on the basis of current assumptions and by competences, consistently with the working performance required to obtain such benefits; the assessment of the liabilities is performed with the support of independent actuaries. The value of the current profits and losses as required by JAS19, is reported into the other components of the total Income Statement. Further to Financial Law of December 27, 2006, n° 296, for companies having more than 50 employees, as related to shares accrued starting from January 1, 2007, the Severance Pay is configured as a plan with defined contributions.

Trade payables and other liabilities

Trade payables and other debts are initially reported at fair value, net of the accessory costs of direct computing, and they are then detected at the depreciated cost, where significant, applying the criteria of the actual interest rate.

Costs and revenues

The costs and revenues are reported net of the amended items, i.e. returns, discounts, reductions and any estimate changes. They are identified at the moment the customer is transferred the control of the product sold, i.e. as related to the services, in the accounting period they are rendered.

In particular, as far as the revenues are concerned:

- The revenues for service performance are acknowledged at the date the performance is completed;
- Revenues for the sale of water acknowledged and counted at the time of delivery, including the allocation for deliveries made, but not yet invoiced (estimated according to historical analyses determined in relation to past consumption);
- Revenues for the sale of products are acknowledged at the moment the customer is transferred control of the product sold, generally corresponding to the delivery or shipment of the goods.

The costs are accounted for according to the accrual principle.

Grant for Plants

The grants for plants are reported in the accounts once there is the justification documentation of the imminent collection by the paying body. These concur to form the result of the fiscal year according to the rules of economic accrual, determined as related to the residual economic and technical lifespan of the assets they refer to.

Financial income and expenses

Financial proceeds and charges are calculated according to the accrual principle. The dividends of other companies are recorded in the Income Statement in the moment in which the right to receive payment has been established.

Income taxes for the year

Income tax for the year consists of the sum of current and deferred taxes. Income tax is based on profit for the year before taxes. Profit before taxes differs from the result entered in the Income Statement since it excludes positive and negative components that will be taxable or deductible in other fiscal years and - furthermore - it excludes items that will never be taxable or deductible. "Liabilities for current taxes" are calculated using the rates in force as at the date of the Financial Statements. In determining the income taxes, the Company has

taken into due consideration the effects deriving from the last fiscal reform introduced by Law no. 244 of December 24, 2007 and - in particular - the strengthened principle of derivation established by art. 83 of TUIR, which requires the entity applying the international accounting principles to apply, even in exceptions to the provisions of the TUIR, "the criteria of qualification, temporary computing and classification of the Financial Statements according to said accounting principles".

Deferred taxes are calculated as related to the temporary differences in the taxation and are entered under "Deferred tax liabilities". Deferred tax credits are calculated to the extent in which it is deemed probable the existence, in the fiscal years during which the relevant temporary differences will spill over, of a taxable income at least equal to the amount of the differences which will be annulled. The deferred and anticipated taxes are determined on the basis of the tax rates expected to be applicable in the fiscal year in which the tax credit will be realized or the tax debt will be extinguished, on the basis of the tax rates defined by measures in force or substantially in force as at the reference date of the financial statement. Such changes are entered under either the Income Statement or under net equity, as related to the computing made at the origin of the reference difference.

Impairment test

The accounting values of the Company assets are assessed at every reference data of the Financial Statements, in order to determine whether there are indications of impairment, in case you proceed to the estimate of the recoverable value of the asset. A loss by value reduction (impairment test) is recorded in the Income Statement when the accounting value of an asset or of a unit that generates financial flows exceeds the recoverable value.

The recoverable value of the non-financial activities corresponds to the greatest value between their "fair value" net to the sale cost and the value in present use. To determine the value in present use, the estimated future financial flows are actualized using a discount rate that reflects the market assessment of the money value and of the risks related to the type of activity. In case of activities that do not generate financial flows in input, that are widely independent, we proceed by calculating the recoverable value of the unit that generates financial flows to which the asset belongs.

When, subsequently, a loss on assets other than goodwill and other assets of indefinite useful lifespan, no longer exists or is reduced, the accounting value of the asset and of the asset that generates financial flows is increased until the new estimate of the recoverable value is calculated, which cannot exceed the value that would be determined if no loss were detected by impairment. The recovery of an impairment is immediately recorded in the Income Statement.

Use of estimations

The drafting of the Financial Statements and relevant Notes to the Accounts requires the administration body to run estimates that influence the values of the financial statement assets and liabilities and on the information regarding the potential assets and liabilities as at the date of the financial statement.

The status of generalized economic and financial crisis involves the need to make assumptions as related to the future trend, which can be characterized by uncertainty. Subsequently, we cannot exclude in the future different results from what has been estimated, that could therefore require amendments that cannot be estimated today or forecast at the accounting value of the relevant financial statement items.

Estimates are used in different areas, such as the credit depreciation Fund, the provisions for contingencies and charges, the depreciations, the assessment of the assets regarding shareholding in related companies and subsidiaries the sale revenues, the cost and charges regarding the management of the Integrated Water Service and the income taxes.

The estimates and assumptions are periodically reviewed by the Group based on the better knowledge of the activity and of other factors that can be reasonably derived from the current circumstances, and the effects of any changes are immediately reflected in the Income Statement.

Other information

Corporate agreements outside the Statement of Assets and Liabilities

Bear in mind there are no agreements resulting from the Financial Statement that can have a significant impact on the equity and financial status, or on the economic result of the Company.

Amounts expressed in Notes to the Accounts

Unless otherwise indicated, the amounts reported in the Notes to the Accounts are expressed in EUR units with rounding up to the upper unit for hundredths equal to or greater than 50

Accounting principles, IFRS amendments and interpretations adopted from January 1, 2023

The following IFRS accounting principles, amendments and interpretations were applied for the first time by the Parent Company starting as at January 1, 2023:

- On May 18, 2017, IASB published the principle IFRS 17 – Insurance Contracts which is destined to replace IFRS 4 – Insurance Contracts. The principle was applied as at January 1, 2023. The objective of the new principle is to guarantee that an entity provides pertinent information that faithfully represents the rights and obligations derived from issued insurance contracts. The IASB has developed a standard for elimination of existing incongruities and weaknesses in accounting policies, providing a single principle-based framework for taking into account all types of insurance contracts, including reinsurance contracts held by the insurer.

The new principle also includes requirements for presentation and reporting to improve comparability among the entities in this sector.

The new principle measures an insurance contract based on a General Model or a simplified version of the same, called the *Premium Allocation Approach* (“PAA”).

The main characteristics of the *General Model* are:

- the estimates and the hypotheses for future cash flows are always current;
- the measurement reflects the temporal value of money;
- the estimates foresee extensive use of observable information on the market;
- there is current and explicit risk measurement;
- the expected profile is differentiated and aggregated into groups of insurance contracts at the moment of initial reading;
- the expected profit in the period of contractual coverage takes into account changes deriving from variations in the hypothesis relative to financial flows for each group of contracts.

The PAA approach includes measurement of liabilities for the residual coverage of a group of insurance contracts on the condition that, at the time of initial reading, the entity expects that this liability represents a reasonable approximation of the General Model. Contracts with a period of coverage of one year or less are automatically suitable for the PAA approach. Simplifications derived from the application of the PAA method are not applied to assessment of liability for claims in general, which are measured using the General Model. Nevertheless, it is not necessary to actualize those cash flows if it is expected that the balance to be paid or received is due within one year from the date of the claim.

The entity must apply the new principle to issued insurance contracts, including issued reinsurance contracts, held reinsurance contracts and investment contracts with a discretionary participation feature (DPF).

Moreover on December 09, 2021, IASB published an amendment called “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment was applied as at January 1, 2023, together with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and to improve the usefulness of comparative information for readers of financial statements. The adoption of this principle and related amendment did not produce any effects on the consolidated financial statement of the Company.

- On May 07, 2021 IASB published an amendment called “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies how to recognise deferred taxes on certain transactions that can generate assets and liabilities of equal amounts at

the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied as at January 1, 2023.

- With reference to the amendment to IAS 12 on the deferred taxation of some types of transactions, such as leases, the directors assessed the net economic effect of the simultaneous recognition of deferred tax assets and deferred tax liabilities related to the same transaction as not very relevant.
- On February 12, 2021 IASB published two amendments called “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments to IAS 1 require an entity to disclose relevant information about the accounting standards applied by the Group. The changes are intended to improve the disclosure of accounting policies applied by the Group so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments were applied as at January 1, 2023. The adoption of these amendments did not produce any effects on the financial statement of the Company.
- On May 23, 2023 IASB published an amendment called “Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules”. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which have been effective in Italy as at December 31, 2023, but applicable as at January 1, 2024) and provides for special disclosure requirements for entities affected by the relevant International Tax Reform.
- The document provides for the immediate application of the temporary exception, while the disclosure obligations are applicable only to annual financial statements starting on or after January 1, 2023 but not to interim financial statements having a closing date of December 31, 2023. The adoption of these amendments did not have any effects on the Company's financial statements.

Accounting principles, amendments and interpretations IFRS authorized by the European Union, not yet mandatory and not adopted in advance by the Group on December 31, 2023

The following accounting principles, amendments and interpretations IFRS and IFRIC were authorized by the European Union, but aren't yet mandatory and not adopted in advance by the Group on December 31, 2023:

- On January 23, 2020, IASB published an amendment called “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and on October 31, 2022 published an amendment called “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”. The purpose of such amendments is to clarify how to classify debts and other short-term or long-term liabilities. Furthermore, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The changes will be applied starting from January 1, 2024, but advance application is also allowed. At present the administrators are assessing possible effects of introduction of this amendment into the financial statement of the Company.
- On September 22, 2022 IASB published an amendment called “Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. The amendment requires the seller-lessee to evaluate the lease liability arising from a sale & leaseback transaction so as not to recognise a gain or a loss relating to the right of use retained. The changes will be applied starting from January 1, 2024, but advance application is allowed. The Board Members do not expect a significant effect in the balance sheet of the Company from the adoption of this amendment.

Accounting principles, IFRS amendments and interpretations not yet certified by the European Union December 31, 2023

- On May 25, 2023, IASB published an amendment called “Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”. This document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The changes will be applied starting from January 1, 2024, but advance application is allowed. The Board Members do not expect a significant effect in the balance sheet of the Company from the adoption of this amendment.
- On August 15, 2023, IASB published an amendment called “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”. This document requires an entity to apply a consistent

methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment shall be applied starting from January 1, 2025, but advance application is allowed. The Board Members do not expect a significant effect in the balance sheet of the Company from the adoption of this amendment.

- On January 30, 2014, IASB published the principle IFRS 14 – Regulatory Deferral Accounts whereby only those who are using the IFRS standards for the first time can continue to recognise the amounts relating to rate-regulated activities under the accounting standards used previously. The Company is not a first-time adopter and hence this standard is not applicable.

Remarks on the Financial Position and Results

NON-CURRENT ASSETS

1. Tangible fixed assets

EUR 140,682,957

The composition of the tangible fixed assets and the relevant movements occurring during the fiscal year are entered in the following table:

2022 Categories	Land and buildings	Plants and machinery	Commercial & industrial equipment	Other assets	Leased assets (see detail)	Assets under construction and payments on account	Total Total
Historical cost as at 12.31.2021	104,124,388	318,415,516	23,261,069	21,627,399	7,603,729	12,302,081	487,334,182
Advances to suppliers as 12.31.2021						864,508	864,508
Depreciation fund as at December 31, 2021	(42,576,362)	(269,043,171)	(14,447,010)	(17,770,295)	(852,671)	0	(344,689,509)
Net value as at December 31, 2021	61,548,026	49,372,345	8,814,059	3,857,104	6,751,058	13,166,589	143,509,181
Reclassifications Advances to suppliers	0	0	0	0	0	71,079	71,079
Works in progress completed in 2022	141,930	10,111	211,675	0	0	(363,716)	0
Disinvestments in the fiscal year	0	(19,264)	(310,196)	(293,502)	(200,710)	(39,000)	(862,672)
Adjustments	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2021						(776,844)	(776,844)
Increase in advance payments to suppliers 2022						1,495,263	1,495,263
Increases in the fiscal year	571,336	152,393	2,664,040	1,233,634	241,984	5,523,053	10,386,440
Reclassification/adjustment	0	0	0	0	0	0	0
Depreciation in the fiscal year	(3,541,856)	(7,090,332)	(1,542,448)	(1,423,874)	(1,247,050)	0	(14,845,560)
Use of funds	0	19,264	186,094	280,219	193,176	0	678,753
Historical cost as at 12.31.2022	104,837,654	318,558,756	25,826,588	22,567,531	7,645,003	17,422,418	496,857,950
Advances to suppliers as 12.31.2022						1,654,006	1,654,006
Depreciation fund as at December 31, 2022	(46,118,218)	(276,114,239)	(15,803,364)	(18,913,950)	(1,906,545)	0	(358,856,316)
Net value as at December 31, 2022	58,719,436	42,444,517	10,023,224	3,653,581	5,738,458	19,076,424	139,655,640

2023 Categories	Land and buildings	Plants and machinery	Commercial & industrial equipment	Other assets	Leased assets (see detail)	Assets under construction and payments on account	Total Total
Historical cost as at 12.31.2022	104,837,654	318,558,756	25,826,588	22,567,531	7,645,003	17,422,418	496,857,950
Advances to suppliers as 12.31.2022						1,654,006	1,654,006
Depreciation fund as at December 31, 2022	(46,118,218)	(276,114,239)	(15,803,364)	(18,913,950)	(1,906,545)	0	(358,856,316)
Net value as at December 31, 2022	58,719,436	42,444,517	10,023,224	3,653,581	5,738,458	19,076,424	139,655,640
Reclassifications	0	(7,842)	0	0	0	0	(7,842)
Works in progress completed in 2023	1,778,359	1,673,524	1,020,896	0	0	(4,472,779)	0
Disinvestments in the fiscal year	0	0	(1,168,377)	0	(63,429)	0	(1,231,806)
Adjustments	0	0	0	0	0	(166)	(166)
Transfer of advance payments to suppliers 2022						(804,203)	(804,203)
Increase in advance payments to suppliers 2023						0	0
SAPA Contribution	208,464	175,811	13,382	871			398,528
"Meters purchased and installed in the financial year 2023"			2,058,371			(2,058,371)	0
Increases in the fiscal year	238,478	253,810	696,076	1,043,566	233,794	13,202,679	15,668,403
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0
Depreciation in the fiscal year	(3,352,117)	(5,872,214)	(1,745,060)	(1,472,364)	(1,291,302)	0	(13,733,057)
Use of funds	0	3,829	692,369	0	41,262	0	737,460
Historical cost as at 12.31.2023	107,062,955	320,654,059	28,446,936	23,611,968	7,815,368	24,093,781	511,685,067
Advances to suppliers as 12.31.2023						849,803	849,803
Depreciation fund as at December 31, 2023	(49,470,335)	(281,982,624)	(16,856,055)	(20,386,314)	(3,156,585)	0	(371,851,913)
Net value as at December 31, 2023	57,592,620	38,671,435	11,590,881	3,225,654	4,658,783	24,943,584	140,682,957

As indicated in the valuation criteria, the tangible fixed assets also include the entry of the financial changes of direct imputation pertaining to large works in course of amortisation.

The assets owned by the Company ownership have been amortized in the ordinary way in compliance with the criteria of itemized evaluation in the present Notes to the Accounts as well as a function of the rates representative of the estimated residual possibility of utilization as at the date of the present financial statement. On the increments developed in the fiscal year, rate reduced by 50% have been applied.

“Plants and machinery” include the cost of spare parts whose utility spreads over several years.

The item 'Industrial and commercial equipment' includes from 2021 the value of measuring instruments, previously classified under 'Assets under concession'.

“Other tangible fixed assets” include furniture and furnishings, ordinary office equipment, electromechanical and electronic equipment, hardware, cars, motor vehicles for transport and other vehicles.

As from 2021, this item also includes the value of coal, previously classified under 'Assets under concession'.

*Assets under construction and payments on account amounted to over EUR 24 million and included the value, according to the stage of progress, of the works being realised at year-end, as well as payments on account to suppliers.

Subsequent to the application of IFRIC 12, “Service Concession Arrangements”, the revertible assets referred to the waterworks system of the City of Turin have been reclassified under intangible assets, as “Assets under concession”.

Leased assets" include leased assets in the statement assets, in alignment with the nature of the same assets, following the adoption of the new IFRS 16 principle *Leases* started on 01.01.2019.

The following details transactions in the "Leased assets" category:

Categories	Leasing - Hardware rentals	Leasing- Rentals Cars	Leasing – Rentals Other vehicles	Leasing – Real estate rentals	Leasing - Land rentals	LEASED ASSETS
Historical cost as at 12.31.2022	0	319,757	6,405,195	598,006	322,045	7,645,003
Depreciation fund as at December 31, 2022	0	(71,056)	(1,529,330)	(158,643)	(147,516)	(1,906,545)
Net value as at December 31, 2022	0	248,701	4,875,865	439,363	174,529	5,738,458
Reclassifications	0	0	0	0	0	0
Works in progress completed in 2023	0	0	0	0	0	0
Disinvestments in the fiscal year	0	(19,883)	(23,814)	0	(19,732)	(63,429)
Adjustments	0	0	0	0	0	0
Leasing increments	0	147,867	0	61,882	24,045	233,794
Depreciation in the fiscal year	0	(87,858)	(1,063,836)	(93,429)	(46,179)	(1,291,302)
Use of funds	0	15,907	5,623	0	19,732	41,262
Historical cost as at 12.31.2023	0	447,741	6,381,381	659,888	326,358	7,815,368
Depreciation fund as at December 31, 2023	0	(143,007)	(2,587,543)	(252,072)	(173,963)	(3,156,585)
Net value as at December 31, 2023	0	304,734	3,793,838	407,816	152,395	4,658,783

The item 'Leased Assets', amounting to about EUR 4.6 million (EUR 5.8 million in 2022), is mainly attributable to the signing of the long-term vehicle rental contract.

The intangible assets are summarized in the following table:

2022 Categories	Goodwill	Plant and expansion costs	Development costs	Industrial patent rights & intellectual property rights	Concessions, licenses, trademarks and similar rights	Assets under construction and payments on account	Other	Total Other intangible assets	Assets under concession (see detailed transactions)	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 12.31.2021	5,928,005	39,142	249,266	154,000	25,748,517	205,296	510,210	26,906,431	1,240,893,841	1,273,728,277
Advances to suppliers as 12.31.2021									5,264,531	5,264,531
Depreciation fund as at December 31, 2021	0	(39,142)	(249,266)	(154,000)	(24,197,585)	0	(169,058)	(24,809,051)	(474,833,207)	(499,642,258)
Net value as at De- cember 31, 2021	5,928,005	0	0	0	1,550,932	205,296	341,152	2,097,380	771,325,165	779,350,550
Reclassifications Advances to suppliers	0	0	0	0	0	0	0	0	(71,079)	(71,079)
Works in progress completed in 2022	0	0	0	0	0	(95,015)	0	(95,015)	95,015	0
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2021									(1,628,142)	(1,628,142)
Increase in advance payments to suppliers 2022									1,270,293	1,270,293
Increases in the fis- cal year	0	0	0	0	2,679,911	41,755	0	2,721,666	97,264,788	99,986,454
Reclassification/ad- justment of amortization fund	0	0	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	0	0	0	0	(1,901,937)	0	(11,772)	(1,913,709)	(60,805,979)	(62,719,688)
Use of funds	0	0	0	0	0	0	0	0	0	0
Historical cost as at 12.31.2022	5,928,005	39,142	249,266	154,000	28,428,428	152,036	510,210	29,533,082	1,338,253,644	1,373,714,731
Advances to suppliers as 12.31.2022									4,835,603	4,835,603
Depreciation fund as at December 31, 2022	0	(39,142)	(249,266)	(154,000)	(26,099,522)	0	(180,830)	(26,722,760)	(535,639,186)	(562,361,946)
Net value as at De- cember 31, 2022	5,928,005	0	0	0	2,328,906	152,036	329,380	2,810,322	807,450,061	816,188,388

2023 Categories	Goodwill	Plant and expansion costs	Development costs	Industrial patent rights & intellectual property rights	Concessions, licenses, trade- marks and similar rights	Assets under construction and payments on account	Other	Total Other intangible assets (B+C+D+E+F+G)	Assets under concession (see detailed transactions)	Grand total
	A	B	C	D	E	F	G	H	I	A+H+I
Historical cost as at 12.31.2022	5,928,005	39,142	249,266	154,000	28,428,428	152,036	510,210	29,533,082	1,338,253,644	1,373,714,731
Advances to suppliers as 12.31.2022									4,835,603	4,835,603
Depreciation fund as at December 31, 2022	0	(39,142)	(249,266)	(154,000)	(26,099,522)	0	(180,830)	(26,722,760)	(535,639,186)	(562,361,946)
Net value as at December 31, 2022	5,928,005	0	0	0	2,328,906	152,036	329,380	2,810,322	807,450,061	816,188,388
Reclassifications	0	0	0	0	0	0	0	0	(266,041)	(266,041)
Works in progress completed in 2023	0	0	0	0	0	(37,800)	0	(37,800)	37,800	0
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2022									(2,195,673)	(2,195,673)
Increase in advance payments to suppliers 2023									39,516,204	39,516,204
SAPA contribution					1,672			1,672	56,927	58,599
Increases in the fiscal year	0	0	0	0	1,840,880	436,282	0	2,277,162	107,045,451	109,322,613
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	0	0	0	0	(2,049,786)	0	(11,773)	(2,061,559)	(67,028,610)	(69,090,169)
Use of funds	0	0	0	0	0	0	0	0	56,970	56,970
Historical cost as at 12.31.2023	5,928,005	39,142	249,266	154,000	30,270,980	550,518	510,210	31,774,116	1,445,127,781	1,482,829,902
Advances to suppliers as 12.31.2023									42,156,134	42,156,134
Depreciation fund as at December 31, 2023	0	(39,142)	(249,266)	(154,000)	(28,149,308)	0	(192,603)	(28,784,319)	(602,610,826)	(631,395,145)
Net value as at December 31, 2023	5,928,005	0	0	0	2,121,672	550,518	317,607	2,989,797	884,673,089	893,590,891

For detailed transactions in the category “Assets under concession” refer to the section of reference.

2. Goodwill

EUR 5,928,005

The value of the goodwill to December 31, 2023 can be ascribed historically to the acquisition of the SAC business unit (January 1, 2014), amounting to EUR 96,000 and the SAP S.p.A. business unit (July 1, 2015) regarding the Municipalities of ATO 3 Torinese amounting to EUR 5,832,005, entered under the intangible assets with the approval of the Board of Auditors.

Goodwill, which before 2022 had been allocated to the relevant Cash Generating Unit (CGU), also based on the management strategies introduced and the redefinition of the Economic-Financial Business Plan, was re-allocated to the CGU corresponding to the Parent Company 2022 accordance with IAS 36 whereby the entire

company is conceived as the cash-generating unit, i.e., the operating unit aimed at recovering the value recorded. It should be noted, however, that if the approach had been consistent with the previous year, no impairment test would have emerged with regard to the recoverability of the value recorded.

Pursuant to IAS 36, effective January 1, 2015, goodwill is not subject to amortisation, but is tested for impairment annually, or more frequently if specific extraordinary events and circumstances occur. The impairment test performed by an independent expert was conducted by comparing enterprise value and net value of the assets as at 2023.

The enterprise value was determined by applying the Discounted Cash Flow ('DCF') method, including the residual value of the assets (terminal value), according to the "asset side" financial approach by discounting the operating cash flows related to the CGU arising from the 2020-2033 Business Plan, annexed to Industrial Plan 4.0 (2020-2024) approved by the Ordinary Shareholders' Meeting held on June 26, 2020, and the residual value of the assets as at 2033. The Economic and Financial Plan also highlights the results expected for the whole duration of the license and - even though it is drafted on a time horizon longer than 5 years - it constitutes the representative document to identify the prospect cash flows

The discount value utilized is represented by the WACC identified with reference to the sector the identified CGU operates within. The discount rate (WACC) utilized reflects the market assessments on the cost of money and the specific risks of the sector of activities and of the reference geographic area.

In particular, in determining the actualization rate, the following parameters have been utilized:

- Free risk rate of 4.00%;
- Risk premiums at 4.60%
- Beta for the "water utilities" sector at 0.76;
- Cost of debt at 3.696%.

The estimated discount rate (WACC) is therefore 5.04%

The impairment test performed did not reveal any impairment of the goodwill recorded in the balance sheet.

3. Other Intangible assets

EUR 2,989,797

The other intangible assets are entered amongst the statement of account assets, since they are part of the assets allocated to be durably used. No value adjustment has been applied to the cost of acquisition or production of the intangible assets.

"Concessions, licenses, trademarks and similar rights" includes the cost incurred for the acquisition of software licenses depreciated in three fiscal years, and for the deposit of trademarks, which are depreciated in ten fiscal years.

The item 'Assets under construction payments on Account' includes the value of certain studies under completion.

4. Concessions

EUR 884,673,089

The item Assets under concession progressed as follows:

2022 Categories	Usage rights granted by CIACT	Usage rights Constituting the aqueduct system for the City of Turin	on improvements on SI assets of the City of Turin	on improvements on SI assets of external municipalities in management	Ongoing improvement works and advance payments on improvements on SI assets	Ongoing improvement works and advance payments for the improvements on SI assets	Revertible assets	Assets under concession
Historical cost as at 12.31.2021	3,834,635	50,871,004	222,636,646	787,823,440	47,040,698	123,281,054	5,406,364	1,240,893,841
Advances to suppliers as 12.31.2021					369,634	4,894,897		5,264,531
Depreciation fund as at December 31, 2021	(2,853,364)	(38,740,226)	(101,341,302)	(326,745,275)	0	0	(5,153,040)	(474,833,207)
Net value as at December 31, 2021	981,271	12,130,778	121,295,344	461,078,165	47,410,332	128,175,951	253,324	771,325,165
Reclassifications Advances to suppliers	0	0	0	0	2,144,716	(2,215,795)	0	(71,079)
Works in progress completed in 2022	0	0	7,725,376	30,500,574	(7,724,543)	(30,406,392)	0	95,015
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2021					(491,758)	(1,136,384)		(1,628,142)
Increase in advance payments to suppliers 2022					673,294	596,999		1,270,293
Increases in the fiscal year	0	0	6,356,190	18,476,292	21,262,607	51,169,699	0	97,264,788
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	(81,939)	(1,010,898)	(10,533,007)	(49,071,491)	0	0	(108,644)	(60,805,979)
Use of funds	0	0	0	0	0	0	0	0
Historical cost as at 12.31.2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to suppliers as 12.31.2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Depreciation fund as at December 31, 2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at December 31, 2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061

2023 Categories	Usage rights granted by CIACT	Usage rights constituting the aqueduct system for the City of Turin	Improvements on SII assets of the City of Turin	Improvements on SII assets of external municipalities in management	Ongoing improvement works and advance payments for the improvements on SII assets of the City of Turin	Ongoing improvement works and advance payments on SII assets of external municipalities in management	Revertible assets	Assets under concession
Historical cost as at 12.31.2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to suppliers as 12.31.2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Depreciation fund as at December 31, 2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at December 31, 2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061
Reclassifications	0	0	(20,765)	(144,714)	(68,578)	(31,984)	0	(266,041)
Works in progress completed in 2023	0	0	29,548,496	49,681,342	(29,548,496)	(49,643,542)	0	37,800
Disinvestments in the fiscal year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Transfer of advance payments to suppliers 2022					(1,060,738)	(1,134,935)		(2,195,673)
Increase in advance payments to suppliers 2023					10,873,750	28,642,454		39,516,204
SAPA contribution				56,927				56,927
Increases in the fiscal year	0	0	9,198,729	14,047,255	27,719,125	56,080,342	0	107,045,451
Reclassification/adjustment of amortization fund	0	0	0	0	0	0	0	0
Depreciation in the fiscal year	(81,939)	(1,010,898)	(12,416,069)	(53,506,544)	0	0	(13,160)	(67,028,610)
Use of funds	0	0	8,306	48,664	0	0	0	56,970
Historical cost as at 12.31.2023	3,834,635	50,871,004	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to suppliers as 12.31.2023	0	0	0	0	12,508,898	29,647,236	0	42,156,134
Depreciation fund as at December 31, 2023	(3,017,242)	(40,762,022)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at December 31, 2023	817,393	10,108,982	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089

Subsequent to the adoption of IFRIC 12, such category includes the improvements for the enhancement of the assets received in use by the City of Turin as well as the system of the well water systems entrusted in direct management to the Company and depreciated on the basis of the estimated residual economic and technical lifespan.

As indicated in the valuation criteria, the intangible fixed assets also include the entry of the financial changes of direct imputation pertaining to large works in course of amortisation.

The item " Ongoing improvement works and advance payments" includes the value of works in progress at year-end, as well as the value of advance payments to suppliers for the construction of integrated water service works for the external municipalities and the City of Turin.

The entry "Assets under concession" also refers to "Revertible assets" which show the values of the extensions, realized by the former Shareholder AAM Torino S.p.A., to add to the aqueduct system of the City of Turin and received by the same in provision, for which the constraint for free transmission at the end of the relative lease was stipulated.

Moreover it includes the value of the "Right of use of the assets that constitute the waterworks system", which is mandatory and already acknowledged by the City of Turin when they are given to the former Shareholder AAM Torino S.p.A. and then given by the latter to SMAT Torino S.p.A. The item also includes the value of the right to use the waterworks system transferred to January 1, 2003 by C.I.A.C.T. in liquidation. The values are represented in compliance with the expert appraisals drafter to transfer them and depreciated as a function of the new agreement between Ente d'Ambito n. 3 Torinese and SMAT S.p.A. the new agreement between Ente d'Ambito n. 3 Torinese and SMAT S.p.A. .

The value of usage rights is amortized based on the relative agreement deed.

Amortizations on improvements and revertible assets were determined with reference to the estimated economic-technical lifespan.

5. Investments

EUR 11,715,845

The table below shows the carrying values of stakes held in subsidiaries, associated companies and other companies as at December 31, 2023. The stakes held in associated companies, recorded at cost and possibly adjusted for impairment losses, and investments in other companies were subjected to impairment test by an independent consultant, who also carried out an equity or earnings valuation of investments in other companies.

Categories	Subsidiaries	Associates	Other enterprises	Grand total
Historical cost as at 12/31/2022	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustment as at 12/31/2022	(1,071,615)	(35,295,000)	(78,126)	(36,444,741)
Net value as at 12/31/2022	419,707	7,807,341	3,488,797	11,715,845
Extraordinary Operations in 2023				
Subscriptions/acquisitions in 2023				
Payments in capital account 2023				
Disposals/reductions in 2023				
Value adjustment in 2023				
Historical cost as at 12/31/2023	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustment as at 12/31/2023	(1.071.615)	(35.295.000)	(78.126)	(36.444.741)
Net value as at 12/31/2023	419,707	7,807,341	3,488,797	11,715,845

In general terms, the statement of account values do not significantly exceed the ones that correspond to the fractions of Net Equity reported in the statements of account to December 31, 2023 of the related companies.

In compliance with art. 2427, comma 1, no. 5 of the Italian Civil Code, the participating interest in subsidiaries related companies in force to December 31st, 2023, respectively consists of:

- Shareholding in **Risorse Idriche S.p.A.**, having its registered office in Torino, Corso XI Febbraio 14 and having the following characteristics:

Shareholding in Risorse Idriche S.p.A.

a) Share capital of the investee	(€)	412,769
b) Shares held	(Qty.)	727,305
c) Nominal value per share	(€)	0.52
d) Purchase cost	(€)	1,440,322
e) Stake held	(%)	91.62
f) Book value	(€)	368,707
g) Net Equity of the investee	(€)	747,155
h) Result of previous fiscal year	(€)	29,132

As mentioned in the Report on Operations, on April 5, 2024, SMAT acquired the shares held by INTECNO (No. 49,861), increasing its shareholding to 97.91%.

- Shareholding in **AIDA Ambiente S.r.l.**, having its registered office in Pianezza, via Collegno 60, and having the following characteristics:

Shareholding in AIDA Ambiente S.r.l.

a) Share capital of the investee	(€)	100,000
b) Shares held	(Qty.)	N/A
c) Nominal value per share	(€)	N/A
d) Purchase cost	(€)	51,000
e) Stake held	(%)	51.00
f) Book value	(€)	51,000
g) Net Equity of the investee	(€)	995,911
h) Result of previous fiscal year	(€)	176,574

- Shareholding in **Acque Potabili S.p.A., under liquidation**, having its registered office in Turin, Corso XI Febbraio 22, and having the following characteristics:

Shareholding in Risorse Idriche S.p.A. under liquidation (from June 1st 2021)

a) Share capital of the investee	(€)	7,633,096
b) Shares held	(Qty.)	3,429,125
c) Nominal value per share	(€)	N/A
d) Purchase cost	(€)	43,102,341
e) Stake held	(%)	47.55
f) Book value	(€)	7,807,341
g) Net Equity of the investee	K/€	17,192
h) Result of previous fiscal year	K/€	177

The shareholding in Acque Potabili S.p.A. under liquidation has been assessed to EUR 7.8 million, unchanged from the previous fiscal year.

The Extraordinary Shareholders' Meeting of company Società Acque Potabili held on April 29, 2021 resolved on the early dissolution of the Company pursuant to art. 2484(1) no. 6) of the Civil Code and its ensuing winding up. The deed was registered and recorded in the Trade Register of Turin on May 31, 2021. As from that date, the resolution for the liquidation of Società Acque Potabili came into full effect.

The Extraordinary Meeting of the Shareholders of the Acque Potabili of 31 May 2021 amended Article 5 of the Articles of Association, eliminating the unit value of the shares. Given the unchanged share capital (equal to EUR 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary Shareholders' Meeting of company SAP S.p.A. in liquidation, held on April 29, 2024, approved the financial statements for the year ended December 31, 2023 (third intermediate liquidation financial statements) that closed with a positive result of EUR 177,000. At the end of 2023, net worth came to EUR 17,192,000 (IAS/IFRS criteria), whereas Consolidated Net Worth as at December 31, 2022 amounted to EUR 17,164,000.

The shareholding in Acque Potabili Siciliane S.p.A. after the filing of the Extraordinary Administration Procedure of February 7, 2012, in bankruptcy since October 10, 2013, has been reclassified as "Other companies" instead of shareholding in related companies, even though it was fully depreciated in the financial statements. As it is better entered in the Management Report, it is completely out of SMAT Group consolidation area.

The independent expert used the equity method to value companies Acque Potabili S.p.A., under liquidation, Nos S.p.A. and Environment Park S.p.A.; to value the other investees, the expert used the revenue method, based on the weighted average cost of capital, WACC) of 5.04 %.

The fair value valuation of the other shares determined a value that is substantially aligned with the cost of investment, recorded on December 31, 2023, at 3.5 million Euros. Even though the profitability of some investees in the medium term results positive, the values were not changed because they were not considered significant.

On July 19, 2016, a specific Notary Deed defined the establishment of the Water Alliance – Acque del Piemonte (now Utility Alliance del Piemonte) network of enterprise, whose registered office is in Turin– Viale Maestri del Lavoro n. 4.

As at December 31, 2023 the Equity Fund amounted to EUR 95,000 in which SMAT holds a 5.56% interest.

This network of enterprises as at 12.31.2023 is established by 18 Piedmontese water service companies, that signed a "network agreement" aimed at upgrading their competitive capacity through a shared representation of interests on behalf of institutional stakeholders and associations, as well as shared decision-making processes.

6. Deferred tax assets

EUR 23,806,467

This item (EUR 22,454,856 On the previous fiscal year) includes the credit deriving from the active deferred taxes mainly calculated on the provisions for costs to be deducted in the future and the revenues for anticipated taxation .

The entry shows an increase of over EUR 1,351,611 from the previous fiscal year, due to the combined effect of: deductibility of costs accrued in the fiscal year in progress, future fiscal years and deduction of the costs recorded in previous fiscal years, in the present fiscal year.

Such effects are reported in the following detail table:

Description	Multiannual Deferred income	To provision for risk and charges	To provision for write-downs of Receivables	Goodwill and brands amort.	Income Taxes Local	Inventory Interest	Depreciation of Receivables on late payments	TOTAL
Taxable base as at 12.31.2022	8,978,591	16,959,382	62,963,097	17,333	7,700	220,000	12,318	89,158,421
Receivables for deferred tax as at December 31, 2022	2,531,963	4,749,255	15,111,146	4,888	1,848	52,800	2,956	22,454,856
Base allocation 2023	(577,402)	(4,754,277)	(456,200)				(6,508)	(5,794,387)
Tax uses 2023	(162,827)	(1,340,706)	(109,490)				(1,562)	(1,614,585)
Base adjustments 2023								0
Tax adjustments 2023								0
Base allocation 2023		1,438,508	10,790,027		600			12,229,135
Tax provisions 2023		376,447	2,589,606		144			2,966,197
Taxable base as at 12.31.2023	8,401,189	13,643,613	73,296,924	17,333	8,300	220,000	5,810	95,593,169
Receivables for deferred tax as at December 31, 2023	2,369,135	3,784,996	17,591,262	4,888	1,992	52,800	1,394	23,806,467

7. Non-current financial assets

EUR 1,407,960

		December 31, 2023	December 31, 2022
• Receivable caution money	€	1,331,734	1,282,584
• Customers	€	76,226	86,913
Total	€	1,407,960	1,369,497

The non-current financial assets towards customers are represented by credits registered following the under-signing of an agreement for governing the use of land in the Municipalities of Scalenghe and Airasca, for the years 2011 - 2018 with a payable plan up to 2031.

The receivables are recorded in the financial statement, as required by IFRS 9 – Financial Instruments, at the amortized cost.

CURRENT ASSETS

8. Inventory

EUR 9,516,760

The item includes:

		December 31, 2023	December 31, 2022
• Raw, subsidiary materials and consumables	€	9,271,315	7,918,909
• Finished products and goods	€	41,145	41,145
• Advances	€	204,300	281,970
Total	€	9,516,760	8,242,024

The total increase in inventory from the previous fiscal year amounted to EUR 1,274,736.

The Inventory consists of materials whose use does not contain features of multi-year usefulness. It is assessed in the financial statement at the lowest price between the average weighted price and the market price. The value of the inventory is adjusted by a depreciation fund regarding slow turnover materials for an amount of EUR 990.000.

No financial charges were attributed to the inventory value.

9. Trade and other receivables

EUR 240,082,919

The book value of the trade receivables breaks down as follows:

		December 31, 2023	December 31, 2022
Due from customers			
• <i>Bills and invoices issued</i>	€	254,811,589	239,085,747
• <i>Bills and invoices to be issued</i>	€	57,915,946	74,570,233
• <i>Provision for bad debts</i>	€	(74,870,840)	(64,937,455)
Total due from customers	€	237,856,695	248,718,525
Due from subsidiaries	€	554,426	359,172
Due from associates	€	20,000	40,357
Due from holding companies	€	1,173,030	1,248,548
Due from other	€	478,768	639,719
Net book value	€	240,082,919	251,006,321

DUE FROM CUSTOMERS

EUR 237,856,695

The net value of trade receivables decreased by about EUR 11million over the previous year, mainly generated by the increase in the credits write-downs. Of the total receivables recorded, approximately EUR 73.6 million were collected during the early months of FY 2024.

Receivables are subject to a careful assessment of the risk of arrears and are recognised at their presumed realisable value by taking into account future losses estimated on the basis of the historical series, and therefore, in accordance with IFRS 9 - Financial Instruments, the overall value of the prudential write-down of receivables was determined to amount to EUR 75 million.

DUE FROM SUBSIDIARIE

EUR 554,426

The item (EUR 359,172in the previous fiscal year) is represented by the credit towards subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l as highlighted in the present note.

DUE FROM ASSOCIATES

EUR 20,000

The item (EUR 40,357 in the previous fiscal year) is represented by receivables due to SAP under liquidation.

DUE FROM HOLDING COMPANIES

EUR 1,173,030

This item (EUR 1,248,548 in the previous fiscal year) includes receivables from the City of Turin deriving from normal trade transactions executed at market conditions for water supply, rentals and accessory jobs.

DUE FROM OTHER

EUR 478,378

These consist of residual trade receivables The decrease over the previous year is correlated to the advances to suppliers under Article 35 of the Contract Code.

10. Current tax assets

EUR 5,282,263

This item (€3,241,693 in the previous year) mainly comprises the receivable from the tax authorities for IRES of €4,137,140 and the receivable from the tax authorities for IRAP of €571,350. It also includes the tax credit for investments in capital goods pursuant to Article 1, paragraphs 184/197 of Law No. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law No. 178/2020 amounting to EUR 200,569, the receivable due from the Inland Revenue for TFR substitute tax of EUR 274,123 and tax credits (IRES and IRAP) awaiting reimbursement of EUR 97,568. In 2023, a stamp tax receivable of EUR 46,000 was collected against a 2022 refund request.

Below is the information required by Article 2423-ter, paragraph 6, Civil Code, on the offsetting of tax assets and liabilities.

Description	Receivables	Trade	Balance
IRES advances	(15,571,077)		
Withholding tax receivables	(630,406)		
Tax debts		12,064,343	
Credit IRES balance			(4,137,140)
IRAP advances	(2,921,994)		
Tax debts		2,350,644	
Credit IRAP balance			(571,350)

11. Current financial assets **EUR 1,084,825**

		December 31, 2023	December 31, 2022
• Towards clients	€	19,438	84,741
• Due from subsidiaries	€	1,065,387	2,896,292
Total	€	1,084,825	2,981,033

The financial receivables due from customers refer to the share, expiring within 12 months of the credit for which details are set forth in the comment of the specific section of non-current financial receivables.

The receivables due from subsidiaries are represented by debts to Risorse Idriche S.p.A., based on cash pooling contracts stipulated between the parent company and the subsidiary on 01.30.2015 to optimise financial demands. The decrease is due to the development of financial flows between the two companies.

12. Other current assets **EUR 8,393,714**

The credits to others refer to:

		December 31, 2023	December 31, 2022
• Accrued income	€	0	0
• Deferred charges	€	758,224	732,834
• Other assets	€	7,635,490	24,340,159
• <i>Due from employees for amounts to be recovered through With holding</i>	€	136,153	115,800
• <i>Due from other</i>	€	7,499,337	24,224,359
Total	€	8,393,714	25,072,993

“Other deferrals” include accrued amounts of subsequent fiscal years of other costs liquidated in the fiscal year.

The item "Other assets - Due from others" mainly includes cautionary deposits for the supply of electricity amounting to approximately EUR 3,400 thousand, credit notes receivable amounting to approximately EUR 2,500 thousand, and receivables from the Cassa per i Servizi Energetici e Ambientali (CSEA) for recognition of users entitled to the Water Bonus.

The significant decrease is mainly attributable to receivables for the social water bonus, which (in the previous year, €17,664 thousand) included the estimate for the years 2021 and 2022 according to the information made available by the Single Buyer.

13. Cash and cash equivalents **EUR 110,137,402**

The liquid assets include:

		December 31, 2023	December 31, 2022
• Bank and Post Office deposits	€	109,678,782	124,073,179
• Short term deposits	€	0	0
• Checks	€	438,510	9,701
• Cash and cash equivalents	€	20,110	17,389
Total	€	110,137,402	124,100,269

December 2023 saw the receipt of the second portion of EUR 50 million disbursed by the EIB for the implementation of planned investments.

All the aforementioned remainders are liquid and fully available as at the date of the Financial Statements without any constraints whatsoever, except for the usual subject to collection clause on checks.

NET EQUITY AND LIABILITIES

14. Net Equity

EUR 761,136,953

The composition of the value of Shareholders' Equity at the balance sheet date is shown in the following table.

COMPOSITION OF THE NET EQUITY			
Nature/Description	12/31/2023	POSSIBILITY OF UTILIZATION	AVAILABLE AMOUNT
Share capital	345,533,762		
Legal reserve	27,887,553	X	
Reserve restricted for PEF implementation	344,944,872		
FTA reserve	(2,677,452)		
Other reserves and retained earnings:			
• <i>Optional reserve</i>	34,342,562	X	(1,327,908)
• <i>Severance actualization reserve</i>	1,152,128		
• <i>Negative reserve for own shares in portfolio</i>	(32,993,018)		
• <i>Reserve for rounding up</i>			
• <i>Retained earnings</i>	1,495,330	X	1,495,330
<i>Total other Reserves and retained earnings</i>	3,997,002		
Operating income	41,451,216		
Total Net Equity	761,136,953		167,422

SHARE CAPITAL

EUR 345,533,762

The Share Capital is fully subscribed, paid and recorded in the Register of Enterprises in compliance with the law and is made, as at the date of the Financial Statements, of 5,352,963 ordinary shares of the nominal value of EUR 64.55 each, owned by the Associates.

No movements regarding the share capital have occurred during the fiscal year.

LEGAL RESERVE

27,887,553

The Legal reserve of EUR 25,808,344 as at 12/31/2022 increased by EUR 2,079,209 during the year as per the resolution of the Meeting of Shareholders of June 29, 2023.

RESERVE RESTRICTED TO IMPLEMENTATION PEF

EUR 344,944,872

This reserve, which amounted to EUR 313,340,899 as at 12.31.2022, increased during the financial year by EUR 31,603,973 a result of the appropriation of profit resolved by the Ordinary Shareholders' Meeting of June 29, 2023.

FTA RESERVE

EUR (2,677,452)

This reserve includes the effects of FTA on the Net Equity deriving from the adoption of the international accounting principles.

OTHER RESERVE AND RETAINED EARNINGS

EUR 3,997,002

Other Reserves include:

		December 31, 2023	December 31, 2022
• Optional reserve	€	34,342,562	34,342,562
• Severance pay discount reserve	€	1,152,128	1,312,278
• Negative reserve of own shares in portfolio	€	(32,993,018)	(32,993,211)
• Reserve for rounding up	€	0	(5)
• Retained earnings	€	1,495,330	1,467,538
Total	€	3,997,002	4,129,162

The reserve for the actualization of the Severance Pay includes the profits/losses that result from the actuarial assessments performed in application of IAS 19 to the Severance Pay and pensions accrued as at 12/31/2023. The negative reserve for own shares in portfolio as at 12/31/2023 equal to EUR 32,993,018 refers to 492,960 own share purchased according to conforming authorization of the Ordinary Meeting of Shareholders

In 2023, it was reduced by EUR 193 due to the entry of two new shareholders (municipalities of Bruzolo and Traves), to whom a total of three shares were sold.

In 2023, the Municipality of Mappano, which received 15,347 shares from the municipalities of Borgaro, Caselle and Leini, also acquired shareholder status.

Profits carried forward were increased in the fiscal year by EUR 27,792, as per resolution of the Meeting of Shareholders of June 29, 2023, by effect of destination of the result to the fiscal year 2022.

The available reserves in the Financial Statement 2023 amount to EUR 167,422-

PROFIT FOR THE YEAR		EUR 41,451,216	
		December 31, 2023	December 31, 2022
Profit for the year	€	41,451,216	41,584,175

It corresponds to the balance of the Income Statement as the difference between the total revenues and costs and it has been fully submitted to ordinary and deferred taxation for IRES and IRAP purposes.

LIABILITIES	EUR 684,565,050
--------------------	------------------------

15. Current and non-current fiscal liabilities	EUR 392,486,158
---	------------------------

Financial debts on 12.31.2023 are presented in detail by type in the following table:

		December 31, 2023	December 31, 2022
Non-current financial liabilities			
Bonds	€	-183,318	134,644,716
Payable loans	€	249,879,866	199,865,929
Debts for leased assets	€	3,386,293	4,477,054
Other financial debts	€	0	6,363,558
Total	€	253,082,841	345,351,257
Current financial liabilities			
Short-term bonds	€	135,000,000	0
Short-term payable loans	€	0	10,192,308
Due to banks and accrued financial payables	€	3,019,188	2,644,283
Debts for short term leased assets	€	1,384,129	1,340,581
Other short term debts	€	0	6,363,558
Total	€	139,403,317	20,540,730
Total financial liabilities	€	392,486,158	365,891,987

Total financial liabilities are made up of:

- loans (bonds and mortgages) with total value amounting to EUR 384,696,548, net of the amortized residual cost of EUR 183,318 for the debenture loan of EUR 120,134 for payable loans;
- the entry "Due to banks and financial charges" amounting to EUR 3,019,188 which includes other short term operations for EUR 87,979 and accrued financial charges amounting to EUR 2,931,209, which mainly refer to interest on the debenture loan in the accrued amount;
- debts for leased assets, of which the total value amounts to 4,770,422 Euros, net of the residual amortized cost 201,360 ;

Movement of financial liabilities during the fiscal year is the following:

		Bonds	Amortized cost	Total
Balance as at December 31, 2022	€	134,644,716	210,058,237	344,702,953
New loans	€	0	50,000,000	50,000,000
amortized cost	€	0	0	0
Amortized cost reduction	€	171,966	13,937	185,903
Repayments in the period	€	0	(10,192,308)	(10,192,308)
Balance as at December 31, 2023	€	134,816,682	249,879,866	384,696,548

On August 10, 2023, the financial advance, introduced by ARERA Resolution 229/2022/R/idr and connected to finding resources to meet part of the expenses incurred for the purchase of electricity, disbursed by the Cassa per i Servizi Energetici e Ambientali (CSEA) on December 27, 2022, which last year was included in “Other financial debts”, was fully reimbursed for EUR 12,727,116.

The debt for medium to long term funding, gross to the depreciated cost, is detailed in the following table:

Funding	Debt to December 31, 2023	
Bonds	€	135,000,000
Payable loans		
European Investment Bank IV	€	50,000,000
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
Total Payable loans	€	250,000,000
Total	€	385,000,000

The table below shows the liabilities broken down according to type as at December 31, 2023, with an indication of the instalments due within the next fiscal year, due between the 2nd and 5th year and due after the 5th year, gross of amortized cost.

Type	Residual amount	Due within next fiscal year	Due between the 5 th year	Due after the 5 th year
Bonds	135,000,000	135,000,000		
Payable loans	250,000,000		62,358,277	187,641,723
Due to banks and accrued financial payables	3,019,188	3,019,188		
Debts for leased assets	4,971,782	1,384,129	3,556,567	31,086
Other financial debts				
Total	392,990,970	139,403,317	65,914,844	187,672,809

Below are the major contractual conditions.

Funding	Value line of funding	Dura- tion in years	Due date	Instalment	Rate
Ordinary non-convertible loans	135,000,000	7	04/13/2024	annual	fixed
European Investment Bank IV	50,000,000	13	12/14/2033	six months, constant equity	fixed
European Investment Bank V	50,000,000	13	07/19/2034	six months, constant equity	fixed
European Investment Bank VI (1 st tranche) EUR 100,000,000	150,000,000	16	11/18/2038	Three months, constant equity	fixed
(2 nd tranche) EUR 100,000,000		16	12/15/2039	Three months, constant equity	fixed

The ordinary nonconvertible debenture loan was issued on April 13, 2017.

The bonds are assisted by a rating released by Standard & Poor’s Senior Unsecured “BBB+”(for details see the Directors’ Report), and have a duration of seven years with a coupon of 1.95% and they are quoted on the regulated Dublin Stock Market (ISE – Irish Stock Exchange), rating raised from Senior Unsecured to “BBB+ on 11/29/2022.

Activation of the loan from financial institutions, to finance the investments in expansion and upgrading of the networks, water production, distribution, collection and treatment plants envisaged in the Investment Plan of ATO3, did not require any guarantee by the shareholders and envisages for its entire duration maintenance of the following financial parameter calculated based on the data of the Consolidated Financial Statement closed as at 12/31 of the previous year and according to the definitions in the contractual stipulations:

- Net Financial Debt/EBITDA (EBIT+Amortization): lower than or equal to 5.

- The Bondholders' Meeting of March 14, 2024 resolved to approve the extension of the maturity date of the bond to 13 April 2029, still maintaining the non-convertibility regime at a rate of 4.546%. Following the exercise of the put option by some bondholders, the sum of EUR 45 million was redeemed on April 15, 2024 (April 13, 2024 being a non-working day), so that the residual capital now amounts to EUR 90 million.

The loans obtained from the European Investment Bank to acquire the resources required by the investment plan included in the Area Plan are not secured.

These credit lines, with the exception of the one granted this year, have been fully utilised as a function of the progress of the works for which they were obtained.

More specifically:

- financing of EUR 50 million for the realisation of the works envisaged in the 2020-2024 investment programme stipulated and disbursed during 2020, with a duration of 13 years, of which 4.5 years in pre-amortization;
- financing of EUR 50 million for the realisation of the works envisaged in the 2020-2024 investment programme stipulated and disbursed during the year 2021, with a duration of 13 years, of which 4.5 years in pre-amortization;
- financing of EUR 150 million for the realisation of the works envisaged in the 2022-2027 investment programme stipulated in 2022, of which the first portion of EUR 100 million disbursed on 18 November 2022, with a duration of 16 years, of which 4 years in pre-amortization, and the second portion of EUR 50 million disbursed on December 15, 2023, with a duration of 16 years, of which 4 years in pre-amortization.

The following financial parameters, calculated on the figures of the Consolidated Financial Statements as at 12.31 (to be verified in arrears with reference to the twelve-month period ending on that date) and in accordance with the definitions included in the contractual agreements, are envisaged for the entire duration of the said loans:

- Net Financial Debt/MOL (EBIT+depreciations): lower than or equal to 5.
- Gross Financial Debt/MOL (EBIT+depreciations): lower than or equal to 4.5;
- EBITDA (EBIT+ Depreciation)/Net financial expenses (excluding the value adjustment of financial assets) greater than 5;
- Net Financial Debt/Net Equity: lower than or equal to 1.
- Residual value/Gross Financial Debt ratio greater than or 1.30 where the residual value calculated on the net accounting value, start-up expenses excluded.

In cases of noncompliance with even only one of said financial parameters, the European Investment Bank have the right to terminate the contract in advance.

It is worth highlighting that - as at December 31, 2023 - all the aforementioned financial parameters are complied with.

16. Provisions for employee benefits

EUR 8,741,439

The Provisions for employee benefits as at December 31, 2023 reflects the indemnity accrued by the employees up as at December 31, 2006, which will be exhausted by the payments to be made at the end of the work relations, or of any advance in compliance with the law.

The movements of the fund (which is not influenced by the shared accrued during the fiscal year in favour of the employees throughout the year) has been as follows:

Employee Severance Provision		
– Balance as at December 31, 2022	€	8,384,759
– Utilizations, transfers, adjustments, indemnities and advances paid out in the period	€	(919,632)
– Interest cost deriving from IAS 19	€	287,675
– Profits (losses) actuarial	€	142,321
Balance as at December 31, 2023	€	7,895,123

Other benefits refer to the estimated quantification of the seniority bonuses potentially due to employees that accrue the relevant requirements stipulated in in the company regulations entered below:

Pension fund		
- Balance as at December 31, 2022	€	856,379
- Social security costs	€	44,929
- Utilizations, transfers, adjustments, indemnities and advances paid out in the period	€	(72,821)
- Interest cost deriving from IAS 19	€	0
- Profits (losses) actuarial	€	17,829
Balance as at December 31, 2023	€	846,316

The following tables illustrate, respectively, the economic, financial and demographic assumptions made for the actuarial assessment of the liabilities in exam.

Economic-financial assumption	
- Yearly actualization rate	3.08%
- Yearly inflation rate	2.00%
- Yearly Severance Provision increase rate	3.00%

Demographic assumptions	
- Mortality	Tables RG 48
- Disability	INPS tables by age and sex
- Retirement age	Attainment of the requirements
- % of advance payment frequency	1.50%
- Turn-over	0.50%

17. Provisions for risks **EUR 18,971,220**

These provisions are made up of:

A) Provisions for litigations and charges *EUR 12,964,020*

The provisions for litigations and charges reflect the assessment - on the basis of valuation elements available - of the potential additional liabilities due to judicial and extra-judicial litigations which are currently in progress, as well as at other charges of various kinds which are certain or likely to occur in the future, such as tax litigation and other local charges.

The utilisation refers mainly to the application of the expansion contract set aside in the previous year.

Adjustments mainly refer to the valuation of credit notes to be issued in connection with the application of minimum user protection for losses on private plants.

The handling of such provisions has been as follows:

- Balance as at December 31, 2022	€	17,154,364
- Provisions of the fiscal year	€	1,923,396
- Use in the fiscal year	€	(2,093,528)
- Estimate adjustment	€	(4,020,212)
Balance as at December 31, 2023	€	12,964,020

The balance of the allocations for litigations and charges as at 12/31/2023 is considered consistent for covering the following estimated potential liabilities.

B) Provisions for routine maintenance charges *EUR 1,049,844*

The provisions for charges of routine maintenance reflects the valuation of the charge that was technically accrued but not yet liquidated as at the date of the Financial Statements because of the routine maintenance programs repeated over several years. Such program cannot be planned with certainty since they concern systems in continuous production cycle.

The provisions have not varied from the previous fiscal year, since it has been considered to be congruous:

- Balance as at December 31, 2022	€	1,049,844
- Provisions of the fiscal year	€	0
- Use in the fiscal year	€	0
Balance as at December 31, 2023	€	1,049,844

C) Provisions as per Regional Law of Piedmont 12/29/2000 n. 61

EUR 586,852

These reflect the destination of the administrative sanctions applied pursuant to art. 54 Legislative Decree 152/99 to be applied to fund the development of actions aimed at preventing and reducing the pollution of the bodies of water, net of activities carried out.

- Balance as at December 31, 2022	€	451,362
- Provisions of the fiscal year	€	536,208
- Adjustment of estimate in the fiscal year	€	(400,718)
Balance as at December 31, 2023	€	586,852

D) Provisions for Ambito management charges

EUR 3,720,504

The amount reflects the best estimate of the charges and of the potential risks connected to the Ambito management activities.

The fund includes the provision for penalties for failure to meet technical quality objectives M6 (2021) and M3 (2023), determined respectively by ARERA Resolution no. 183/2022/R/idr of 26/04/2022 (EUR 72,434) and ARERA Resolution no. 477/2023/R/idr of 10/31/2023 (EUR 89,683), bound to the financing of new investments.

Movement during the fiscal year is the following:

- Balance as at December 31, 2022	€	2,977,536
- Provisions of the fiscal year	€	2,103,968
- Use in the fiscal year	€	
- Adjustment of estimate in the fiscal year	€	(1,361,000)
Balance as at December 31, 2023	€	3,720,504

E) Provisions for charges to other companies

EUR 650,000

The provisions reflect the potential charges deriving from the commitments made by the shareholders for patronage of the Dexia-BIIS loan to APS S.p.A. in bankruptcy since 2013, and it wasn't used during the current year.

- Balance as at December 31, 2022	€	650,000
- Provisions of the fiscal year	€	0
- Adjustment of estimate in the fiscal year	€	0
Balance as at December 31, 2023	€	650,000

18. Deferred tax liabilities

EUR 292,530

The amount includes the deferred charges for income taxes (IRES and IRAP), which are computed at the rates on the advanced deduction costs.

The entry (EUR 293,039 in the previous fiscal year) shows a decrease from the previous fiscal year, due to the taxation that were computed in previous fiscal years and taxed in the current fiscal year.

These effects are itemized in the table below:

Description	Advanced Depreciation	Receivable interest in arrears	FTA financial liabilities depreciated cost	TOTAL
Taxable base as at 12.31.2022	1,037,341	0	2,122	1,039,463
Deferred tax as at 12.31.2022	292,530	0	509	293,039
Base allocation 2023			(2,122)	(2,122)
Tax uses 2023			(509)	(509)
Base adjustments 2023				0
Tax adjustments 2023				0
Base allocation 2023				0
Tax provisions 2023				0
Taxable base as at 12.31.2023	1,037,341	0	0	1,037,341
Deferred tax provision as at 12.31.2023	292,530	0	0	292,530

19. Other non-current liabilities

EUR 84,816,852

This item is made up as follows:

		December 31, 2023	December 31, 2022
• Acquapoint caution money	€	546,455	549,264
• Contributions to pay out	€	20,747	20,747
• Multiannual deferred income	€	84,249,650	81,471,982
Total	€	84,816,852	82,041,993

“Multiannual deferred income” includes the contribution for investments and the share of EUR 272,802 carried forward of the contributions on capital goods recognised by the Revenue Agency pursuant to art. 1(184/197) of law 160/2019, and art. 1(1054 and 1055) of law 178/2020. The increase stems from the collection of the advance payment of the grant from the National Recovery and Resilience Plan related to the digital transformation project of the management of water systems and the reduction of losses, net of the recognition in the income statement of the portions related to depreciated investments.

20. Trade payables

EUR 105,679,818

PREPAYMENTS

EUR 184,595

The entry (EUR 135,534 in the previous fiscal year) includes the amounts advanced by users for inspections for works still to be completed as at closing date of the financial statement.

DUE TO SUPPLIERS

EUR 82,058,036

Due to suppliers refers to:

		December 31, 2023	December 31, 2022
• Italian suppliers	€	31,032,142	33,927,631
• Foreign suppliers	€	17,625	11,491
• Invoices to be received	€	51,008,269	42,987,128
Total	€	82,058,036	76,926,250

All accounts payable are due within one year and in no case are they guaranteed, except for the 0.5 percent withholding applied according to the Procurement Code.

DUE TO SUBSIDIARIES		EUR 3,699,677	
		December 31, 2023	December 31, 2022
• Due to subsidiaries	€	3,699,677	5,966,237

The itemized entry in the dedicated section of the directors' report includes the payables to the subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l. and in particular includes the payables for invoices to be received in the amount of EUR 3,277,141 (EUR 5,012,431 in the previous fiscal year).

DUE TO ASSOCIATES		EUR 16,380	
		December 31, 2023	December 31, 2022
• Due to associates	€	16,380	16,380

The entry itemized in the section dedicated to it in the Directors' Report, includes the payables to the SAP Company under liquidation deriving from the residual trade transactions operated at normal market conditions.

DUE TO HOLDING COMPANIES		EUR 763,175	
		December 31, 2023	December 31, 2022
• DUE TO HOLDING COMPANIES	€	763,175	594,411

The entry referred to the section dedicated to it in the Directors' Report refers to trade payables to the City of Turin, and none of them is assisted by a real guarantee on the corporate assets.

DUE TO OTHERS		EUR 18,957,955	
		December 31, 2023	December 31, 2022
• Due to others	€	18,957,955	23,400,231

This item consists mainly of trade payables to the Operative Management Subjects for invoices to be received for contractual obligations undertaken with the same.

21. Current tax liabilities **EUR 3,639,580**

These liabilities mainly consist of withholding taxes on employees' income for EUR 1,760,509, already duly paid on the legal due dates in force in the following year, and VAT payable relative to the fourth quarter of 2023, net of the advance payment, already paid on the legal due dates in force.

22. Other current liabilities **EUR 69,937,453**

The other payables include:

		December 31, 2023	December 31, 2022
• Due to Social Security Administration	€	4,980,738	3,686,280
• Accrued charges	€	796	0
• Deferred income	€	43,786	70,390
• From other:	€	64,912,133	79,785,772
• <i>Local Authority fees</i>	€	3,427,011	3,144,717
• <i>Contributions to Comunità Montane</i>	€	43,925,438	42,632,162
• <i>Due to Municipalities for accessory services</i>	€	409,656	404,182
• <i>Other payables to entities/municipalities</i>	€	3,827,963	4,726,135
• <i>Accruals to liquidate to employees</i>	€	4,566,824	4,442,462
• <i>Other payables</i>	€	8,755,241	24,436,114
Total	€	69,937,453	83,542,442

Payables to social security institutions all accrue by the end of one year and in no case are they assisted by guarantee or encumbered with interest.

The increase in the balance of payables to social security institutions as at 12.31.2023 is due to the application of the expansion contract.

At the time of drawing up the present financial statement these payables were paid on their due date.

As a whole, payables for Local Authority Fees and contributions to the Unioni Montane increased by ca. EUR 1.5 million.

In particular, Local Authority Fees primarily refer to the amounts due for 2023 for the instalments of the repayment plan of the loans taken out by the Municipalities based on the determinations made by the Ente d'Ambito No. 3 Torinese in the first months of the year 2024.

With reference to debts for the contributions to the Comunità Montane, these are paid on the basis of ad hoc communications by the Ente d'Ambito.

Payables to Municipalities for accessory services represent the best estimate of the amounts due on the basis of specific service contracts for operational activity in the relevant territory.

“Other payables to Entities and Municipalities” mostly consists of payables to CSEA for the equalising tariff components (UI), of the last two months to be paid and various debts to municipalities.

The liability for accruals to be paid to personnel relates to accrued and untaken holiday leave, performance bonus and other accruals.

Sundry payables mainly include payables for security deposits (first and foremost to users) and smat card debits to be paid back to the insurance company and the remaining portion for the social water and supplementary bonus.

The variation is due to the decrease in the debt for the social bonus of about EUR 16 million disbursed to users.

Notes of commentary to the entries of the Income Statement

Revenues

23. Revenues EUR 370,990,015

Revenues are made up as follows:

		2023	2022
– Aqueduct service	€	153,085,892	151,080,895
– Sewer service	€	51,088,600	49,252,760
– Water treatment service	€	147,392,835	143,730,137
– Hydrants	€	5,227,450	4,807,859
– Tied revenues "FoNi"	€	(1,600,413)	(1,232,870)
– Other revenues	€	15,795,651	13,297,889
Total	€	370,990,015	360,936,670

All the revenues inherent to corporate business were obtained in the reference territory ATO 3 Torinese, as determined by the Piemonte Regional Law no. 13 of 01/20/1997 and include the best estimate of revenues accrued in the fiscal year for aqueduct, sewers, water treatment services and hydrants provided in the 292 Municipalities acquired by effect of the reunification process, and the municipality of Burolo where the water treatment service is provided.

They arise from the new rate structure applied as communicated by the Turin Area Authority following ATO Resolution no. 825 of 3 November 2022 and ARERA Resolution no. 644/2022/R/idr of 29 November 2022, which approved the update of the rate proposal for the years 2022-2023.

Accordingly, the 2023 rates show an increase of 8.4% over the previous year.

In the period under review, there was an average reduction in volumes for the Aqueduct service of 3.88%, mainly due to the estimated volumes to be billed in the financial year 2022 with respect to the billed volumes, as well as a drop in consumption in line with the previous year.

An examination of the changes in consumption for the year 2023 compared to 2022, broken down by type of user, shows that the reduction is mainly attributable to "Domestic" use, where the "Domestic Condominium" sub-typology had a particular impact. It is characterised above all by users located in the municipality of Turin that are often in mixed use (i.e. with commercial users attached to the condominium).

Following the additions to the tariff proposal, approved by the above-mentioned ATO Resolution the item 'Revenues' was netted of the depreciation fund tariff component.

The revenues from the aqueduct, sewer and water treatment services are represented net of the 50% rate reduction for public municipal and provincial users for a total of EUR 6,147,993 .

"Other revenues" mainly includes accessory revenues from users, industrial waterworks, invoices issued for works performed on behalf of users and third parties, in particular in connection with changes to the water and sewerage networks, revenues from biomass analysis and treatment, Water Points, sale of energy products such as biomethane collection, revenues from for no-core activities performed on the free market and adjustment of provisions.

The positive variation compared to the previous year is due in particular to higher adjustments to the provision for risks and charges and the recognition of the technical and contractual quality premiums ordered by Arera with Resolutions No. 476/2023/R/idr and No. 477/2023/R/idr of 10.17.2023

This increase was offset by a decrease in revenue from the sale of energy products.

The item 'Revenues' thus shows an overall increase of 2.79%.

24. Revenues for planning and construction activities EUR 107,102,379

		2023	2022
– Revenues for planning and construction activities	€	107,102,379	97,264,788

This item refers to the "planning and construction" of assets under concession, which, as envisaged by IFRIC 12, is entered under revenues; the corresponding costs, net of the capitalized costs for internal increases, are entered under the entry "Costs for planning and construction".

25. Other revenues

EUR 24,113,660

The other operational revenues are composed as follows:

			2023	2022
– Increase in fixed assets for in-house work	(A)		0	0
– Grants for current expenses	(B)	€	9,178,006	9,603,339
– Other				
▪ Contribution shares in production facilities		€	7,303,048	6,095,260
▪ Other revenues		€	1,860,229	2,069,190
▪ Contingent assets and non-existent liabilities		€	1,990,447	1,235,436
▪ Adjustment to provisions for liabilities and other charges		€	3,781,930	1,657,229
	(C)	€	14,935,654	11,057,115
Total other revenues (A+B)		€	24,113,660	20,660,454

“Grants for current expenses” primarily refers to the tax credit for the purchase of electricity and gas, the incentive for the production of biomethane and for the production of energy from photovoltaic panels.

“Other” includes the economic accrual amount of contributions into the plants accounts, already commented on under the entry “multiannual deferred income” have these notes to the accounts, in addition to the other revenues (among which receivable lease payments, reimbursements for stamps and other reimbursements), contingent assets and non-existent liabilities in addition to the adjustments made to the provision of liabilities, as already commented in the dedicated section of Liabilities in these notes to the accounts.

The increase is mainly attributable to the increase in contingent assets, non-existent liabilities and adjustments to provisions for risks and expenditures. The item also shows higher releases of grants for systems from public entities and of the AmmFoNI component.

Operating costs

26. Consumption of raw materials and consumables

EUR 18,935,566

This entry includes:

			2023	2022
• Materials for maintenance net of changes in stock		€	8,873,644	6,908,567
• Chemicals		€	8,177,532	6,150,519
• Other materials		€	2,148,711	2,188,711
• Increases for in-house jobs		€	(264,321)	(368,551)
Total		€	18,935,566	14,879,246

The positive variation is attributable to the increase in the prices of chemicals and building materials.

27. Costs for leased assets and services

EUR 146,182,265

This entry includes:

			2023	2022
• Electricity:	(A)	€	50,058,870	43,460,960
• Maintenance, works and services & industrial	(B)	€	73,023,306	74,745,459
• General services:				
▪ Services		€	12,471,322	10,693,647
▪ Allocation to Provision for liabilities and other charges		€	1,146,356	1,618,527
	(C)	€	13,617,678	12,312,174
• Rentals to local entities	(D)	€	5,529,161	5,944,633
• Rentals and payable concessions, leases and hires	(E)	€	3,953,250	3,929,388
Total costs for leased assets and services (A+B+C+D+E)		€	146,182,265	140,392,614

The increase in “Costs for leased assets and services” is mainly attributable to the cost of electricity.

Compared to the previous year, there was an increase in the cost of electricity of about EUR 6.6 million as a result of the increase in the average green tariff of + EUR 0.03377/kWh despite the reduction in consumption of more than 6,201 MWh and the saving of about 1,600 MWh through the use of energy recovery technologies.

The rising cost of energy has been affected over the years by the effects of the pandemic and the Russian-Ukrainian conflict, leading to a significant increase already in 2022 compared to 2021, when SMAT and the members of the Utility Alliance Network were able to obtain supplies at a fixed price and at values below the sector averages.

The cost increase in 2023 also stems from the necessary switch from fixed price to variable price plus spread, because, due to the extreme volatility of the energy market, major suppliers of/traders in energy products were not willing to participate in fixed price tenders.

ELECTRICITY	Project Budget 12/31/2023	Budget 12/31/2022	Variation
kWh	229,284,625	235,485,981	- 6,201,356
Average rate	0.21833	0.18456	+ 0.03377

The change in costs for 'Maintenance work and industrial services' is determined by the combined effect of higher maintenance costs, higher sludge transport and disposal costs amounting to more than EUR 10 million with an increase of more than EUR 1 million compared to the previous year, and lower costs for gas utilities decreasing by more than EUR 2.5 million as a result of the reduction in the average rate.

In the area of 'General Services', for 'Services' costs, there is an increase attributable to higher bank charges related to the settlement of the social water bonus and postal charges for reminder notices and communications of default.

The 'Fees to Local Entities' decreased in relation to the amortisation schedules of the loans contracted by the municipalities and communicated by ATO 3 Torinese.

Costs for Costs regarding 'Fees and payable concessions, leases and rentals' are in line with the previous year.

28. Payroll costs EUR 61,478,678

The payroll cost composition is the following:

		2023	2022
– Wages and salaries	€	42,909,046	41,013,932
– Social charges	€	13,299,584	12,861,518
– Severance package	€	2,788,785	2,799,710
– Pension and similar funds	€	44,929	64,741
– Other costs	€	2,436,334	4,005,986
Total	€	61,478,678	60,745,887

Relative to the accounting period, the average staff was composed as follows:

	Top Manag- ers	Middle Managers	Office work- ers	Laborers	Apprentices	Total
Position as at 12/31/2022	11	20	614	267	117	1,029
Position as at 12/31/2023	11	19	607	270	102	1,009
Variation	0	-1	-7	3	-15	-20

Relative to the accounting period, the average staff was composed as follows:

– Top Managers	11
– Middle Managers	20
– Office workers	615
– Laborers	271
– Apprentices	111

Payroll cost shows an increase of about EUR 0.7 million over the previous year. The variation is mainly attributable to increases in the National Collective Labour Agreement effective 10/1/2022 and 10/1/2023, the effects related to the 2022-2023 turnover, and higher costs related to the expansion contract compared to the provision set aside in 2022. These increases are mitigated by items included in "Other costs" and essentially the

absence of provisions for charges (which characterised last year for the expansion contract and related items), as well as a lower revaluation of the termination indemnity, a lower cost for temporary staff and sundry costs.

	Total
Position as at 12/31/2022	1,029
Terminations	-60
Hires	40
Position as at 12/31/2023	1,009

As at 12.31.2023, there were 31 active temporary employment contracts, 1 active secondment contract (and 1 part time) and 2 passive contracts.

29. Other operating expenses EUR 24,904,444

This entry includes:

		2023	2022
– Other tax charges	€	1,185,608	936,481
– Ambito fees	€	17,294,919	16,741,814
– Other charges	€	3,022,449	1,939,030
– Allocation to provisions for liabilities and charges	€	3,327,533	2,974,220
– Integrated water bonus	€	73,935	94,890
Total	€	24,904,444	22,686,435

“Other tax charges” mainly includes charges for stamp fees, IMU, government concession taxes and other local taxes. The variance is attributable to the settlement of the dispute with the Inland Revenue for the registration tax related to the acquisition of the SAP business unit.

The item “Territory fees” includes ca. EUR 15.7 million for the contributions to the Mountain Unions (as indicated by the Territory Authority at 5% of the revenues for the year 2021), an increase over the previous year, and the operational costs of the Territory Authority and the contributions to the ARERA, depending on the resolutions passed and communications sent.

The item "Other fees" includes fees for association dues, reimbursement of damages and indemnity, and capital losses on disposal of assets.

“Allocations to Provisions for Liabilities and Charges” cover liabilities and costs involving taxation, administration and other that are certain or probable but whose exact amount or date of occurrence are not yet determinable at this moment.

The cost of the “Supplemental water bonus” introduced with ARERA resolution 897/2017/R/IDR and ATO resolution 697/2018 shows a decrease over the previous year, due to the smaller number of applications received.

30. Costs for planning and construction activities EUR 103,137,269

		2023	2022
– Costs for planning and construction activities	€	103,137,269	93,719,326

This item refers to “Costs for planning and construction” of assets under construction, net of capitalized costs for internal increases that, according to IFRIC 12, is entered under costs; the corresponding revenues are entered under the entry “Revenues for planning and construction”.

1. Amortization, depreciation and write-downs EUR 95,187,169

The composition of this entry is as follows:

		2023	2022
– Depreciation tangible fixed assets	€	13,733,057	14,845,560
– Depreciation other intangible fixed assets	€	2,061,559	1,913,709
– Depreciation assets under concession	€	67,028,610	60,805,979
– Credits write-downs	€	12,363,943	13,586,477
Total	€	95,187,169	91,151,725

Considering what is stated in the evaluation criteria, and the criterion of systematicity, depreciation and amortization for the year amounted to EUR 82.8 million (compared to EUR 77.6 million in the previous year) as a result of the use of the following ordinary rates:

Intangible fixed assets:	
– Assets under concession (improvement of third-party's assets and revertible assets)	Depending on the estimated technical economic-profit life of various types of reference assets
– Assets under concession (use rights)	Based on the duration of the service agreement ATO 3 and SMAT S.p.A. (2.033)
– Software licenses of use	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years
– Surface rights	As a function of the estimated profit life equivalent to the durations of the Company from the date of the Articles of Association
Tangible fixed assets:	
– Buildings and fences	3.50%
– Solar power plants	9.00%
– Light constructions	10.00%
– Specific plants and filtering plants	8.00%
– Metering devices	10.00%
– Laboratory and other equipment	10.00%
– Furniture and furnishings	12.00%
– Office equipment	12.00%
• Electronic machinery	20.00%
• Hardware	20.00%
• Cars	25.00%
• Motor vehicles for transport and other vehicles	20.00%
• Carbon assets	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed waterworks	2.50%
– Sewers	5.00%
– Water treatment plants	15.00%
– Machinery	12.00%
– Leased assets	Based on the contract duration

To the Increases of 2023 of tangible fixed assets the rates applied amount to 50% of the ones shown above, representing with the best estimate average rates as a function of the months of use.

The increase compared to 2022 results from the effect of the implementation of investments made in the financial year and works carried out in previous years.

The item also includes allocations to the Provision for Bad Debts of about EUR 12.4 million, calculated in accordance with IFRS 9 – Financial Instruments, as already reported under the relevant Asset entry in these Notes to the Financial Statements.

Financial income and expenses

32. Financial income

EUR 9,878,032

This entry includes:

		2023	2022
– Income from related sources	€	108,632	8,939
– Receivable interest and other proceeds	€	9,769,400	3,855,268
Total	€	9,878,032	3,864,207

Revenues from Subsidiaries consists, as in the previous year, only of interest from cash pooling from the subsidiary Risorse Idriche.

“Receivable interests and other financial proceeds” include receivable interest on current accounts in banks and post offices, interest arrears and other financial proceeds and dividends from other companies.

The increase was mainly due to bank interest income as a result of the increase in interest rates applied on the company's liquidity and interest on arrears to users.

33. Financial expense

EUR 7,746,486

This entry includes:

		2023	2022
– Payable interest and commissions on loans	€	7,013,359	4,104,593
– Other receivable interests and charges	€	733,127	196,805
Total	€	7,746,486	4,301,398

“Interest payable and commissions on loans” include the accrued portion of charges on loans and interest on the bond loan. The entry also includes adjustment of the charges as a function of the amortized cost method. The increase over the previous year stems from the higher incidence of interest on the EIB loans disbursed in November 2022 and December 2023, mitigated by lower interest and fees on earlier loans being repaid.

“Other interest payable and charges” include, in particular, financial charges on leased assets arising from the application of IFRS 16, financial charges related to the discounting of the provision for severance indemnities in application of IAS 19, and interest on the CSEA financial advance recognised in December and repaid in full on 10 August 2023.

34. Income Taxes

EUR 13,060,993

This entry includes:

		2023	2022
– IRAP	€	2,350,644	2,921,988
– IRES	€	12,064,343	15,625,930
– Taxes relative to previous fiscal year	€	(1,874)	(177,427)
– Change in payable deferred taxes	€	(509)	(613,119)
– Change in receivable deferred taxes	€	(1,351,611)	(4,492,059)
Total	€	13,060,993	13,265,313

Under the current taxation, IRES and IRAP decreased slightly as a result of a corresponding reduction in the taxable base, essentially due to smaller changes in increases (provisions for non-deductible risks) and greater changes in decrease (utilisation and adjustment of estimated provisions for risks and expenditures).

Changes in deferred taxes are commented on in balance sheet items 'Deferred Tax Liabilities' and 'Deferred Tax Assets', respectively.

The reconciliation between the ordinary rate and the actual rate is shown in the following schedule:

		2023	2022
– Result before taxes	€	54,512,209	54,849,488
– Applicable theoretical rate	%	24	24
– Theoretical IRES	€	13,082,930	13,163,877

Effects of the variations in increase (diminution) versus the theoretical aliquot

– IRES on non-deductible costs	€	3,993,231	6,303,474
– IRES on other permanent differences	€	(5,008,969)	(3,838,572)
– Total effect of changes (increase/decrease) in revenue	€	(1,015,738)	2,464,902
– IRES detraction		(2,849)	(2,849)
– Current IRES (theoretical IRES + IRES on revenue changes)	€	12,064,343	15,625,930
– Deferred IRES	€	(1,352,120)	(4,900,506)
– Current + deferred IRES (total actual)	€	10,712,223	10,725,424
Actual aliquot	%	19.65	19.55

In consideration of the special nature of the correlated taxable basis, no consideration was given to IRAP as for the purposes of the previous table, which refers only to IRES.

Other information

Below is the information regarding the commitments undertaken by the Company (I), to determine “Fair value” (II), to manage financial risks (III), to fees to the Directors and Auditors (IV), to the fees paid to the Auditing Firm (V), to the relationships with related parties (VI) and to the significant events occurring after December 31, 2023 (VII).

I. Commitments undertaken by the Company

To carry on the Acque Potabili operation, on February 24, 2020, the company entered into an agreement with associate company IRETI whereby it was agreed that the joint ownership of the interest in Acque Potabili would be maintained after the shareholders’ withdrawal, and all decisions would be taken jointly, even after the liquidation procedure.

II. Determination of the “fair value”: supplementary information

In regard to the valuation at fair value of the financial instruments in conformity with the requirements of IFRS7 we specify the following:

Assets

- Non-current financial assets – receivables:	Book value in financial statement is the “fair value” of the same
- Cash and cash equivalents:	Book value in financial statement is the “fair value” of the same
- Shareholdings available for sale:	Book value in financial statement is the “fair value” of the same

Liabilities

- Loans at variable rate:	Book value in financial statement is the “fair value” of the same
- Trade payables:	Book value in financial statement is the “fair value” of the same

III. Financial risk management

In conformity with the aforesaid IFRS 7, we specify that SMAT S.p.A., in the ordinary development of own operating assets, is potentially exposed to financial liabilities already commented on in the Directors’ Report.

IV. Fees to Directors and Auditors

Below is the itemization of fees to the Directors and Auditors of SMA Torino S.p.A.:

		2023	2022
Directors	€	306,705	263,604
Auditors	€	98,800	98,800

The fees for the amounts deliberated by the Meeting of Shareholders in addition to the obligatory contribution.

V. Fees to the Auditing Firm

The fees owed to the Auditing Firm Deloitte & Touche S.p.A. for its services of accounting audit of the financial statement and consolidated financial statement as at December 31, 2023 amounted to €86,000 for the audit, plus approximately €8,000 for other services other than auditing.

VI. Relationships with “related parties”

The operations developed with the related parties have been performed at standard market conditions and are based on rules that ensure their transparency and well as their substantial procedural fairness.

Below is the itemization of the equity and economic balances inherent to operations with related parties for fiscal year ending as at December 31, 2023.

	Fiscal year 2023					
	Total revenues	Total operating costs	Financial proceeds	Commercial receivables and other current assets	Trade payables and other current liabilities	Current financial assets
CITY OF TURIN	4,479,043	1,853,481	-	1,173,030	763,175	-
RISORSE IDRICHE	635,807	3,900,070	8,939	332,056	3,589,899	1,065,387
AIDA AMBIENTE	261,239	1,672,932	-	222,370	109,778	-
SAP SPA IN LIQUIDAZIONE	40,000	-	-	20,000	16,380	-
Total related parties	5,416,089	7,426,483	8,939	1,747,456	4,479,232	1,065,387
Total items of the state of account	502,206,054	354,638,222	9,878,032	248,476,633	175,617,271	1,084,825
% impact on total book items	1.08%	2.09%	0.09%	0.70%	2.55%	98.21%

VII. Contributions pursuant to Law 4 August 2017 no. 124, art. 1, section 125

Over the course of the fiscal year now concluding, SMAT collected the following contributions from Public Administrations, net of contributions for private hook-ups collected from users.

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
01/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
01/27/2023	MUNICIPALITY OF DRUENTO	COMMITMENT OF EXPENDITURE FOR FLASKS	320	320	
01/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	14,913	14,913	
01/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
01/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	211,500	211,500	
02/28/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	15,284	15,284	
02/28/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,843	21,843	
02/28/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	31,983	31,983	
02/28/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	209,250	209,250	
03/03/2023	MUNICIPALITY OF MONCALIERI	WHITewater SEWER AND STORMwater DISPOSAL	49,219		49,219
03/13/2023	REGIONE PIEMONTE	CONTRIBUTION FOR EXTRAORDINARY SEWER CLEANING MONCALIERI	2,648		2,648
03/14/2023	REGIONE PIEMONTE	2016 FLOOD CONTRIBUTION	60,000	60,000	
03/14/2023	REGIONE PIEMONTE	CONTRIBUTION FOR AUTOMATED FLOODGATE SETTIMO T.SE	121,500		121,500
03/14/2023	REGIONE PIEMONTE	VINOVO SEWERAGE LIFTING CONTRIBUTION	22,958		22,958
03/14/2023	REGIONE PIEMONTE	CONTRIBUTION FOR WATER PIPELINE REPLACEMENT	80,000		80,000
03/14/2023	REGIONE PIEMONTE	SANGONE STREAM BANK RESTORATION CONTRIBUTION	44,456		44,456
03/21/2023	MUNICIPALITY OF MONCALIERI	WHITewater SEWER AND STORMwater DISPOSAL	944,295		944,295
03/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
03/31/2023	MUNICIPALITY OF SAN MAURIZIO CANAVESE	COMMITMENT OF EXPENDITURE FOR FLASKS	1,000	1,000	
03/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	213,375	213,375	
04/19/2023	TERRITORY AUTHORITY No. 3	CONTRIBUTION FOR DIGITAL TRANSFORMATION OF WATER SYSTEMS MANAGEMENT - PNRR - MIT	5,000,000		5,000,000
04/28/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	245,250	245,250	
05/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
05/10/2023	REGIONE PIEMONTE	2000 FLOOD CONTRIBUTION	299,739		299,739
05/18/2023	MUNICIPALITY OF AIRASCA	COMMITMENT OF EXPENDITURE FOR FLASKS	520	520	

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
05/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	307,125	307,125	
05/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,552	22,552	
06/07/2023	MUNICIPALITY OF MON-CALIERI	WHITEWATER SEWER AND STORMWATER DISPOSAL	108,623		108,623
06/12/2023	MUNICIPALITY OF MON-CALIERI	WHITEWATER SEWER AND STORMWATER DISPOSAL	12,811		12,811
06/19/2023	UNIVERSITY OF TURIN	PROJECT UE H2	25,929	25,929	
06/30/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	312,000	312,000	
06/30/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,010	22,010	
07/13/2023	INSTITUTO TECNOLOGICO DE CASTILLA Y LEON	PROJECT IMERMAID	102,316	102,316	
07/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	318,000	318,000	
07/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CVBALME	22,010	22,010	
08/09/2023	AUTORITA DI BACINO DISTRETTUALE DEL FIUME PO	PROJECT LIFE CLIMAX PO	37,065	37,065	
08/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	278,250	278,250	
31/08/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	22,010	22,010	
31/08/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	4,521	4,521	
31/08/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	22,238	22,238	
09/18/2023	REGIONE PIEMONTE	CONTRIBUTION FOR UPGRADING CEIS SEWAGE TREATMENT PLANT	382,945		382,945
09/18/2023	REGIONE PIEMONTE	CONTRIBUTION FOR TRANSFORMATION OF PURIFICATION PLANT IVREA FROM SECONDARY TO TERTIARY	296,460		296,460
09/29/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	241,500	241,500	
10/02/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
10/16/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "PNRR E FONDI EUROPEI" COD. CFA 079/2022	2,242	2,242	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "FONTI RINNOVABILI, LEAN PRACTITIONER, PROGETTAZIONE INTERNA" COD. CFA 211/2022	3,352	3,352	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "PIATTAFORMA NIMBLE" COD. CFA 061/2022	5,550	5,550	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "FORMAZIONE IN MATERIA DI ANTICORRUZIONE, TRASPARENZA E MOG 231" COD. CFA 003/2022	6,622	6,622	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "GIUDICI SENSORIALI E MASTER PRIVACY GDPR" COD. CFA 128/2022	7,406	7,406	
10/25/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "LA DIREZIONE LAVORI E LE PROBLEMATICHE DI CANTIERE TRA CONTENZIOSO SU RISOLUZIONI, RISERVE E APPLICAZIONE DELLE PENALI" COD. CFA 112/2022	8,162	8,162	
10/26/2023	ENEL ITALIA	CONTRIBUTION DEL. 540/21	10,000	10,000	
10/31/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	222,000	222,000	
10/31/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
10/31/2023	GSE	INCENTIVE FOR PRODUCTION EX CV ROSTA	1,454	1,454	
11/07/2023	REGIONE PIEMONTE	CONTRIBUTION FOR UPGRADING PLANT TALA SETTIMO ROTTARO	44,527		44,527
11/22/2023	FINPIEMONTE	CONTRIBUTION PER BIOGAS4ENERGY - BIOGAS CLEAN-UP	15,057		15,057
11/29/2023	UNITED NATIONS	PROJECT EU-WOP PROGRAMME – GWOPA	111,913	111,913	
11/30/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	205,500	205,500	
30/11/2023	GSE	INCENTIVE FOR SOLAR POWER PRODUCTION CASTIGLIONE	21,655	21,655	
11/30/2023	FONSERVIZI	CFA OF THE FORMATIVE PLAN "LA MOBILITA' SOSTENIBILE DEL GRUPPO SMAT" COD. CFA 016/2023	8,104	8,104	
12/13/2023	REGIONE PIEMONTE	2020 FLOOD CONTRIBUTION	4,589	4,589	

Collection data	Dispensing subject	Memo	Amount	Grants for current expenses	Grant for Plants
12/19/2023	AREA DI RICERCA SCIENTIFICA E TECNOLOGICA	CONTRIBUTION FOR ENERPLAN PROJECT	48,908		48,908
12/29/2023	GSE	INCENTIVE FOR BIOMETHANE PRODUCTION CASTIGLIONE	229,875	229,875	
		TOTAL	11,217,434	3,743,288	7,474,146

The company benefited from a tax credit of EUR 5,238,702 for the purchase of electric energy and gas for the second and third quarters of 2023, and a tax credit of EUR 51,783 for investments in capital goods pursuant to art. 1(1054)(1055) of Law no. 178/2020.

VIII. Significant events occurring after December 31, 2023

Significant events occurring after 12/31/2023 itemized in the dedicated section of the Directors' Report.

Proposals regarding the deliberations on SMAT S.p.A. fiscal year financial statement as at December 31, 2023

Dear Shareholders,

Having ascertained that there are no amounts still to be depreciated as related to the costs for installations, revamping, research and development or advertising, and that the regulations of art. 2426 of the Italian Civil code, paragraph 5, as related to what is shown above, we propose you to approve the Financial Statements of SMAT S.p.A. for fiscal year 2023, which closed with a net profit of EUR 41,451,215.65 as a whole and in the different items.

Since the Meeting of Shareholders of May 6, 2014 had acknowledged Agreement pursuant to art. 30 TUEL approved by the majority of the Shareholders both in numerical and share terms, and that art. 2 of the same agreement involves the following allocation of the profit obtained:

- 5% to the Legal reserve
- and the remaining:
- 80% to the Reserve bound to the implementation of the Economic and Financial Plan;
 - 20% to dividends to the Shareholders to promote environmental protection measures.

Based on the aforesaid, the Shareholders Meeting proposes the following distribution of the net fiscal year profits for the fiscal year:

- 5% to the Legal reserve amounting to EUR 2,072,568.78;
- and the remaining:
- 80% to the Reserve bound to the implementation of the Economic and Financial Plan amounting to EUR 31,502,923,90;
 - 20% for an total amount of EUR 7,875,730.97 corresponding to a unit dividend rounded off to EUR 1.62 for each of the 4,860,004 ordinary shares that have right to it, excluded the own shares held by SMAT S.p.A., and therefore a total rounded up dividend of EUR 7,873,206.48 Consequently, the amount of the net residual profit to be brought forward results to be EUR 2,524.49.

Without prejudice to what has been described above and taking into account the legal obligations, the Board of Directors are leaves to the Assembly the decisions as related to the destination of the operating profit of fiscal year 2023.

Turin, May 29, 2023

For the Board of Directors,
the Chairman
Paolo ROMANO

FINANCIAL STATEMENTS COMPANY SUBSIDIARIES

RISORSE IDRICHE S.p.A.
AIDA AMBIENTE S.r.l.





FINANCIAL STATEMENTS OF RISORSE IDRICHE S.p.A. .
AS AT December 31, 2023

FINANCIAL STATEMENTS

Statement of assets and liabilities

INCOME STATEMENT



Risorse Idriche S.p.A.

Company of the SMAT Group

Registered office in TORINO – C.so XI Febbraio, 14

Share capital fully paid EUR 412,768,72

Registered at the Turin Chamber of Commerce - Taxpayer ID and registration no. in the Register of Companies 06087720014

VAT no. 06087720014 - Economic & Administrative Repertoire no: 759524

Subjected to the direction and coordination of SMAT TORINO S.p.A.

FINANCIAL STATEMENTS AS AT 12/31/2023

STATEMENT OF ASSETS AND LIABILITIES AND INCOME STATEMENT PURSUANT TO ARTS. 2424-2425 OF THE ITALIAN CIVIL CODE

STATEMENT OF ASSETS AND LIABILITIES		
ASSETS	12/31/2023	12/31/2022
A) CREDITS TO SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables due for payments still due and called up	0	0
Total due from Shareholders (A)	0	0
B) FIXED ASSETS		
<i>I. Intangible fixed assets</i>		
1) Plant and expansion costs	0	0
2) Development costs	0	0
3) Intangible fixed assets & intellectual property rights	0	0
4) Concessions, licenses, trademarks and similar rights	6,017	6,500
5) Goodwill	43,519	87,038
6) Assets under construction and payments on account	0	0
7) Other	0	0
Total tangible fixed assets (I)	49,536	93,538
<i>II. Tangible fixed assets</i>		
1) Land and buildings	0	0
2) Plants and machinery	0	0
3) Industrial and commercial equipment	11,206	12,255
4) Other assets	21,617	28,289
5) Assets under construction and payments on account	0	0
Total intangible fixed assets (II)	32,823	40,544
<i>III. Financial assets</i>		
1) Shareholdings in:		
a) Subsidiaries	0	0
b) associates	0	0
c) holding companies	0	0
d) companies subjected to the control of the holding companies	0	0
d-bis) other companies	0	0
Total participating interest	0	0
2) Receivables:		
a) from subsidiaries	0	0
b) from associates	0	0
c) from holding companies	0	0
d) from companies subjected to the control of the holding companies	0	0
d-bis) from others	0	0
Total receivables	0	0
3) Other securities	0	0
4) Financial derivative instruments	0	0
Total financial assets (III)	0	0
Total fixed assets (B)	82,359	134,082

ASSETS	12/31/2023	12/31/2022
C) WORKING CAPITAL		
<i>I. Inventory</i>		
1) Raw, subsidiary materials and consumables	0	0
2) Works in progress and semi-finished goods	0	0
3) Works in progress to order	0	0
4) Finished products and goods	0	0
5) Advances	0	0
Total inventory (I)	0	0
<i>II. Receivables</i>		
1) Due from Customers (within 12 months)	175,167	97,139
2) Due from subsidiaries	0	0
3) Due from associates	0	0
4) Due from holding companies:		
– Within 12 months	3,580,011	5,395,152
– After 12 months	9,888	9,888
Total due from holding companies (4)	3,589,899	5,405,040
5) From companies subjected to the control of the holding companies	0	0
5bis) Tax income (within 12 months)	124,804	64,443
5ter) Prepaid taxes	8,023	20,559
5 quater) From other:		
– Within 12 months	20,045	19,845
– After 12 months	0	0
Total receivables (II)	3,917,938	5,607,026
<i>III. Financial assets other than fixed assets</i>		
1) Shareholdings in subsidiaries	0	0
2) Shareholdings in associate	0	0
3) Shareholdings in holding companies	0	0
3 bis) Shareholdings in companies subjected to the control of the holding companies	0	0
4) Other shareholdings	0	0
5) Financial derivative instruments	0	0
6) Other securities	0	0
Total financial assets other than fixed assets (III)	0	0
<i>IV. Cash and cash equivalents</i>		
1) Bank and Post Office deposits	351	724
2) Checks	0	0
3) Cash and cash equivalents	439	18
Total cash and cash equivalents (IV)	790	742
Total working assets (C)	3,918,728	5,607,768
D) ACCRUALS AND DEFERRALS		
Accrued income	0	0
Deferred charges	42,311	46,377
Total accrued income and deferred charges (D)	42,311	46,377
TOTAL ASSETS	4,043,398	5,788,227

STATEMENT OF ASSETS AND LIABILITIES

NET EQUITY AND LIABILITIES	12/31/2023	12/31/2022
A) NET EQUITY		
I. Capital	412,769	412,769
II. Share premium reserve	0	0
III. Revaluation reserve	0	0
IV. Legal reserve	85,957	85,957
V. Statutory reserve	0	0
VI. Other reserves distinctly indicated		
1) Optional reserve	63,291	63,291
2) Prepaid amortizations reserve	0	0
3) Payments into capital account	0	0
4) Reserved for rounding up euros	1	(2)
Total other reserves (VI)	63,292	63,289
VII. Reserve for hedging operations of expected financial flows	0	0
VIII. Profit/(loss) carried forward	156,005	135,007
IX. Profit (loss) for the year	29,132	20,998
X. Negative reserve of own shares in portfolio	0	0
Total Net Equity (A)	747,155	718,020
B) PROVISIONS FOR BAD AND DOUBTFUL DEBTS		
1) Severance fund and similar applications	0	0
2) Provisions for taxes including deferred taxes	0	0
3) Derivative financial instruments payable	0	0
4) Other	0	0
Total provisions for risks and charges (B)	0	0
C) SEVERANCE FUND FOR EMPLOYEES	966,870	909,984
D) ACCOUNTS PAYABLE		
1) Bonds	0	0
2) Convertible Bonds	0	0
3) Due to shareholders for loans	0	0
4) Due to banks	210	249
5) Due to others	0	0
6) Advances	0	0
7) Due to suppliers (within 12 months)	467,436	671,970
8) Payables in the form of securities	0	0
9) Due to subsidiaries	0	0
10) Due to associates	0	0
11) Due to holding companies:		
– Within 12 months	1,339,688	3,102,858
– After 12 months	0	0
Total payables to holding companies (11)	1,339,688	3,102,858
11 bis) Due to companies subjected to the control of the holding companies	0	0
12) Tax debts (within 12 months)	42,463	46,567
13) Debts to Social Security institutions (within 12 months)	128,672	116,430
14) Other payables (within 12 months)	348,838	219,370
Total payables (D)	2,327,307	4,157,444
E) ACCRUALS AND DEFERRALS		
Accrued charges	0	0
Deferred income	2,066	2,779
Total accrued charges and deferred income (E)	2,066	2,779
Total and net payables	4,043,398	5,788,227

INCOME STATEMENT

A) PRODUCTION WORTH	2023	2022
1) Revenues from sales and services	3,880,449	3,006,610
2) Changes in Inventory, work in progress, semi-finished and finished goods	0	0
3) Variations of the activities in progress on order	0	0
4) Increase in fixed assets for in-house work	0	0
5) Other revenues and proceeds		
a) Contributions in operating account	0	0
b) Other	10,217	750
Other revenues and proceeds (5)	10,217	750
Total Reproduction Worth (A)	3,890,666	3,007,360
B) PRODUCTION COSTS)		
6) For raw, subsidiary, expendable materials and goods	15,666	15,411
7) For services	1,750,962	1,263,450
8) For leased assets	107,424	117,530
9) For employees:		
a) Wages and salaries	1,002,877	954,802
b) Social contributions	335,316	319,866
c) Severance package	80,024	141,334
d) Pensions and similar obligations	620	3,719
e) Other costs	2,635	6,952
Total employee costs (9)	1,421,472	1,426,673
10) Amortization and depreciation:		
a) Amortization of intangible fixed assets	48,152	46,769
b) Amortization of material fixed assets	11,187	10,349
c) Other write-downs of fixed assets	0	0
d) Bad/doubtful debts in the working assets and liquid assets	0	0
Total amortizations and depreciation (10)	59,339	57,118
11) Changes in inventory of raw, subsidiary, expendable materials and goods	0	0
12) Allocations for risks	0	0
13) Other provisions	0	0
14) Other overhead charges	377,950	70,477
Total production costs (B)	3,732,813	2,950,659
Difference between production cost and production worth (A-B)	157,853	56,701
C) FINANCIAL CHARGES AND PROCEEDS		
15) Proceeds from shareholdings, with separate indication of those relative to subsidiaries and associates and those relative to holding companies and companies subjected to the control of the latter	0	0
16) Other financial proceeds		
a) from credit entered under fixed assets, with separate indication of those from subsidiaries and associates and those from holding companies and from companies subjected to the control of the latter	0	0
b) from securities entered under fixed assets other than shareholdings	0	0
c) from securities entered under working assets other than shareholdings	0	0
d) Proceeds other than the previous ones, with separate indication of those from subsidiaries and associates and those from holding companies and from companies subjected to the control of the latter	0	0
Total financial proceeds (16)	0	0

	2023	2022
17) Financial interest and charges, with separate indication of those from subsidiaries and sister companies and from holding companies:		
a) Interest due to Holding Company	108,632	8,939
b) Loans	0	0
c) Other	24	0
Total interest and other financial charges (17)	108,656	8,939
17bis) Profits and losses from exchanges	0	0
Total Financial proceeds and charges (C) (15 + 16 - 17 +/- 17 bis)	(108,656)	(8,939)
D) ADJUSTMENT OF VALUE OF LONG TERM INVESTMENTS		
18) Revaluations of :		
a) Shareholdings	0	0
b) Long-term Investments other than Shareholdings	0	0
c) Securities entered under working assets other than Shareholdings	0	0
d) Financial derivatives	0	0
Total revaluations (18)	0	0
19) Write-downs of:		
a) Shareholdings	0	0
b) Long-term Investments other than Shareholdings	0	0
c) Securities entered under working assets other than Shareholdings	0	0
d) Financial derivatives	0	0
Total adjustment to the value of financial assets (D) (18 - 19)	0	0
Result before taxes (A - B +/- C +/- D)	49,197	47,762
20) Income tax for the year:		
a) Current taxes	7,529	(1,502)
b) Deferred and prepaid taxes	12,536	28,266
Total income tax for the year (20)	20,065	26,764
21) Profit (loss) for the year	29,132	20,998



AIDA AMBIENTE S.R.L. FISCAL YEAR BALANCE SHEET
AS AT December 31, 2023

FINANCIAL STATEMENTS

Statement of assets and liabilities

INCOME STATEMENT

Aida Ambiente S.r.l.

Company of the SMAT Group subject to management and coordination by SMA Torino S.p.A.

Registered office in PIANEZZA – Via Collegno, 60

Share capital fully paid EUR 100,000.00

Registered at the TORINO Chamber of Commerce

Tax registration number and VAT: 09909860018 N. Rea: 109034

FINANCIAL STATEMENTS AS AT 12/31/2023

STATEMENT OF ASSETS AND LIABILITIES AND INCOME STATEMENT PURSUANT TO ARTS. 2424-2425 OF THE ITALIAN CIVIL CODE

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	12/31/2023	12/31/2022
A) CREDITS TO SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables due for payments still due and called up	0	0
Total due from Shareholders (A)	0	0
B) FIXED ASSETS		
<i>I. Intangible fixed assets</i>		
1) Plant and expansion costs	0	0
2) Development costs	0	0
3) Intangible fixed assets & intellectual property rights	0	0
4) Concessions, licenses, trademarks and similar rights	0	167
5) Goodwill	0	0
6) Assets under construction and payments on account	0	0
7) Other	3,700	3,871
Total tangible fixed assets (I)	3,700	4,038
<i>II. Tangible fixed assets</i>		
1) Land and buildings	0	0
2) Plants and machinery	196,216	7,533
3) Industrial and commercial equipment	26,074	31,414
4) Other assets	10,415	14,344
5) Assets under construction and payments on account	0	0
Total intangible fixed assets (II)	232,705	53,291
<i>III. Financial assets</i>		
1) Shareholdings in:		
a) Subsidiaries	0	0
b) associates	0	0
c) holding companies	0	0
d) companies subjected to the control of the holding companies	0	0
d-bis) other companies	0	0
Total participating interest	0	0
2) Receivables:		
a) from subsidiaries	0	0
b) from associates	0	0
c) from holding companies	0	0
d) from companies subjected to the control of the holding companies	0	0
d-bis) from others	0	0
Total receivables	0	0
3) Other securities	0	0
4) Financial derivative instruments	0	0
Total financial assets (III)	0	0
Total fixed assets (B)	236,405	57,329

ASSETS	12/31/2023	12/31/2022
C) WORKING CAPITAL		
<i>I. Inventory</i>		
1) Raw, subsidiary materials and consumables	0	0
2) Works in progress and semi-finished goods	0	0
3) Works in progress to order	0	0
4) Finished products and goods	0	0
5) Advances	0	0
Total inventory (I)	0	0
<i>II. Receivables</i>		
1) Towards clients:		
- Within 12 months	55,535	24,026
- After 12 months	0	0
Total credits to clients (1)	55,535	24,026
2) Due from subsidiaries	0	0
3) Due from associates	0	0
4) Due from holding companies:		
- Within 12 months	102,150	561,196
- After 12 months	0	0
Total due from holding companies (4)	105,150	561,196
5) From companies subjected to the control of the holding companies	0	0
5 bis) Tax receivables (within 12 months)	66,253	25,577
5 ter) Prepaid taxes	10,237	2,302
5 quater) From other:		
- Within 12 months	1,637	1,669
- After 12 months	0	0
Total due from others (5-quater)	1,637	1,669
Total receivables (II)	235,812	614,770
<i>IV. Financial assets other than fixed assets</i>		
1) Shareholdings in subsidiaries	0	0
2) Shareholdings in associate	0	0
3) Shareholdings in holding companies	0	0
3 bis) Shareholdings in companies subjected to the control of the holding companies	0	0
4) Other shareholdings	0	0
5) Financial derivative instruments	0	0
6) Other securities	0	0
Total financial assets other than fixed assets (III)	0	0
<i>V. Cash and cash equivalents</i>		
1) Bank and Post Office deposits	1,316,880	974,140
2) Checks	0	0
3) Cash and cash equivalents	122	127
Total cash and cash equivalents (IV)	1,317,002	974,267
Total working assets (C)	1,552,814	1,589,037
E) ACCRUALS AND DEFERRALS		
Accrued income	0	0
Deferred charges	5,939	7,616
Total accrued income and deferred charges (D)	5,939	7,616
TOTAL ASSETS	1,795,158	1,653,982

STATEMENT OF ASSETS AND LIABILITIES

NET EQUITY AND LIABILITIES	12/31/2023	12/31/2022
A) NET EQUITY		
I. Capital	100,000	100,000
II. Share premium reserve	0	0
III. Revaluation reserve	0	0
IV. Legal reserve	20,000	20,000
V. Statutory reserve	0	0
VI. Other reserves distinctly indicated		
1) Optional reserve	353,014	353,014
2) Prepaid amortizations reserve	0	0
3) Payments into capital account	0	0
4) Reserved for rounding up euros	3	1
Total other reserves (VI)	353,017	353,015
VII. Reserve for hedging operations of expected financial flows	0	0
VIII. Profit/(loss) carried forward	346,320	242,092
IX. Profit (loss) for the year	176,574	104,228
X. Negative reserve of own shares in portfolio	0	0
Total Net Equity (A)	995,911	819,335
B) PROVISIONS FOR BAD AND DOUBTFUL DEBTS		
1) Severance fund and similar applications	0	0
2) Provisions for taxes including deferred taxes	0	0
3) Derivative financial instruments payable	0	0
4) Other	0	100,000
Total provisions for risks and charges (B)	0	100,000
C) SEVERANCE FUND FOR EMPLOYEES	192,049	178,746
D) ACCOUNTS PAYABLE		
1) Bonds	0	0
2) Convertible Bonds	0	0
3) Due to shareholders for loans	0	0
4) Due to banks	132	0
5) Due to others	0	0
6) Advances	0	0
7) Due to suppliers (within 12 months)	214,190	233,808
8) Payables in the form of securities	0	0
9) Due to subsidiaries	0	0
10) Due to associates	0	0
11) Due to holding companies:	227,961	94,854
11 bis) Due to enterprises subjected to the control of the holding companies	0	0
12) Tax debts (within 12 months)	17,508	73,370
13) Due to social security institutions (within 12 months)	31,831	31,132
14) Other payables (within 12 months)	113,959	120,778
Total payables (D)	605,581	553,942
E) ACCRUALS AND DEFERRALS		
Accrued charges	0	0
Deferred income	1,617	1,959
Total accrued charges and deferred income (E)	1,617	1,959
Total and net payables	1,795,158	1,653,982

INCOME STATEMENT

A) PRODUCTION WORTH	2023	2022
1) Revenues from sales and services	1,808,778	1,611,488
2) Change in inventory of assets under construction, semi-finished and finished goods	0	0
3) Variations of the activities in progress on order	0	0
4) Increase in fixed assets for in-house work	0	0
5) Other revenues and proceeds		
a) Contributions in operating account	32,321	37,432
b) Other	52,287	269,817
Other revenues and proceeds (5)	84,608	307,249
Total Reproduction Worth (A)	1,893,386	1,918,737
B) PRODUCTION COSTS		
6) For raw, subsidiary, expendable materials and goods	108,992	129,608
7) For services	956,145	903,216
8) For leased assets	35,642	115,580
9) For employees:		
a) Wages and salaries	336,756	334,204
b) Social contributions	118,453	118,176
c) Severance package	26,638	37,957
d) Pensions and similar obligations	0	0
e) Other costs	75,371	78,537
Total employee costs (9)	557,218	568,874
10) Amortization and depreciation:		
a) Amortization of intangible fixed assets	338	338
b) Amortization of material fixed assets	12,886	9,838
c) Other write-downs of fixed assets	0	0
d) Write-down of receivables included in working assets, cash and cash equivalents	3,350	0
Total amortizations and depreciation (10)	16,574	10,176
11) Changes in inventory of raw, subsidiary, expendable materials and goods	0	0
12) Allocations for risks	0	0
13) Other provisions	0	0
14) Other overhead charges	39,073	11,581
Total production costs (B)	1,713,644	1,739,035
Difference between production cost and production worth (A-B)	179,742	179,703
C) FINANCIAL CHARGES AND PROCEEDS		
15) Proceeds from shareholdings, with separate indication of those referring to subsidiaries and associates and those referring to holding companies and ad enterprises subjected to the control of the latter	0	0
16) Other financial proceeds	0	
a) from receivables entered under fixed assets, with separate indication of those from subsidiaries and associates and of those from holding companies and from enterprises subjected to the control of the latter	0	0
b) from securities entered under fixed assets other than shareholdings	0	0
c) from securities entered under working assets other than shareholdings	0	0
d) Proceeds other than the previous ones, with separate indication of those from subsidiaries and associates and those from holding companies and from companies subjected to the control of the latter	102	30
Total financial proceeds (16)	102	30

	2023	2022
17) Financial interest and charges, with separate indication of those from subsidiaries and sister companies and from holding companies:		
a) Interest due to Holding Company	0	0
b) Loans	0	0
c) Other	108	2
Total interest and other financial charges (17)	108	2
17bis) Profits and losses from exchanges	0	0
Total Financial proceeds and charges (C) (15 + 16 - 17 +/- 17 bis)	(6)	28
D) ADJUSTMENT OF VALUE OF LONG TERM INVESTMENTS		
18) Revaluations of :		
a) Shareholdings	0	0
b) Long-term Investments other than Shareholdings	0	0
c) Securities entered under working assets other than Shareholdings	0	0
d) Financial derivatives	0	0
Total revaluations (18)	0	0
19) Write-downs of:		
a) Shareholdings	0	0
b) Long-term Investments other than Shareholdings	0	0
c) Securities entered under working assets other than Shareholdings	0	0
d) Financial derivatives	0	0
Total adjustment to the value of financial assets (D) (18 - 19)	0	0
Result before taxes (A - B +/- C +/- D)	179,736	179,731
20) Income tax for the year:		
a) Current taxes	11,073	74,528
b) Deferred and prepaid taxes	(7,911)	974
Total income tax for the year (20)	3,162	75,503
21) Profit (loss) for the year	176,574	104,228

BOARD OF AUDITORS REPORT

CONSOLIDATED FINANCIAL
STATEMENT
FINANCIAL STATEMENTS



- in obtaining information on the activities carried out by the subsidiary companies and on the operations of greatest economic, financial and equity importance within the Group's relationships from the Directors of the Company, the Managers of the various services, the auditing firm and the supervisory bodies of investee companies.

Following the supervisory activity carried out on the consolidated Financial statement, it is noted that:

- the determination of the consolidation area, the choice of consolidation principles and the procedures adopted reflect the provisions established by law;
- the legal provisions relating to the formation and layout of the consolidated Financial statement and the Management Report were respected;
- the Management Report is consistent with the consolidated Financial statement and provides further considerations on the Group's management performance and economic prospects; it also contains adequate information regarding the relationships among the companies belonging to the Group and on significant events that occurred after the end of the financial year;
- the consolidated Financial statement complies with the facts and information this Board has become aware of as part of its supervisory and control activities.

Therefore, the Board of Auditors, taking into account:

- the results of the activity carried out by the auditing firm contained in the relevant report;
- what was communicated by the Board of Directors and the Managers of the various Services;
- everything stated and noted up to now;

has no comments to make regarding the consolidated financial statement of the Gruppo Smat S.p.a.

Turin, June 12, 2024

The Board of Auditors

Dr. Davide Di Russo

Dr. Paola Lucia Giordano

Dr. Simone Montanari

We met with the independent auditors, Deloitte & Touche S.p.a., during the 2023 financial year and up to the present date, and no significant facts, circumstances, and/or information emerged from the relevant meetings that need to be highlighted in this report, also concerning the subsidiaries (*Risorse Idriche S.p.a.* and *Aida Ambiente S.r.l.*) of Smat S.p.a.

We met the Boards of Auditors of the subsidiaries and the Auditors, the auditing firm and the Liquidators of the company *SAP S.p.a.* in liquidation, and no significant facts, circumstances and/or information emerged from those meetings that need to be highlighted in this report.

We did not find, nor did we receive from the Board of Directors, the auditing firm, the managers of the various services and the control bodies of the investee companies, any report regarding the existence of atypical and/or unusual transactions carried out by the Company with third parties or related parties. As illustrated by the Directors in the Notes to the Financial Statements, the transactions with related parties concern transactions carried out under normal market conditions, that is, by specific or generic agreements to regulate the exchange of services between the parties and were carried out on the basis of rules that guarantee their transparency as well as substantial and procedural correctness.

We met with the Internal Auditing Manager and no significant facts, circumstances and/or information emerged from those meetings that need to be highlighted in this report.

We met with the Supervisory Body and examined its reports, from which no critical issues regarding the correct implementation of the organisational model emerged that need to be highlighted in this report.

We met the Head of Corruption Prevention and Transparency and viewed the relevant Report for the year 2023, from which no critical issues emerged that need to be highlighted in this report.

We acquired knowledge and monitored, to the extent of our competence, the adequacy and functioning of the company's organisational structure, also by collecting information from the managers of the various Services and the auditing firm. In this regard, the aforementioned analysis revealed that the organisational system is adequate.

We have acquired knowledge and, to the extent of our competence, we monitored the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing management facts, by obtaining information from the managers of the various Services, from the auditing firm and the examination of company documents, and, in this regard, the analysis above revealed that the administrative-accounting system is adequate.

No action had to be taken due to omissions by the Board of Directors pursuant to art. 2406 of the civil code.

No complaints were made pursuant to art. 2409, paragraph 7, of the civil code.

No reprehensible facts, omissions or complaints pursuant to art. 2408 of the civil code emerged and no reports were received.

During the 2023 financial year, we issued a positive opinion on 19.05.2023 pursuant to art. 5, paragraph 4, of EU Regulation No. 537/2014 regarding the auditing firm's proposal of 10.05.2023 for professional services other than statutory audit.

As described above, no other significant facts emerged during the supervisory activity that would require mention in this report.

Supervisory activities foreseen by Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016

As the Internal Control and Audit Committee, we supervised pursuant to art. 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, also based on the information received from the auditing company:

- on the process of financial reporting;
- on the effectiveness of the systems of internal control, internal audit and risk management;
- on the legal auditing of the financial statements and the consolidated financial statements;
- on the independence of the statutory auditing firm, in particular with regard to the provision of non-auditing services.

From the analysis of the report pursuant to former art. 14 of Legislative Decree No. 39/2010 and art. 10 of European Regulation No. 537/2014 of the auditing firm, it emerges that the consolidated financial statement: "[...] *provides a true and correct representation of the equity and financial situation of the SMAT Group as at December 31, 2023, of the economic result and cash flows for the financial year which closed on that date in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of art. 9 of Legislative Decree No. 38/05*".

On 06.12.2024, we acquired, pursuant to art. 11 of European Regulation No. 537/2014, the additional report prepared by the auditing firm, which explains the results of the statutory audit carried out. We informed the Company's administrative body about the outcome of the statutory audit activity and sent the aforementioned additional report to the latter.

Observations regarding the financial statement

The financial statement for the financial year that ended on December 31, 2023 was approved by the Board of Directors on 05.29.2024 and consists, as required by the Civil Code, of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Explanatory Notes and is accompanied by the Management Report.

To the best of our knowledge, the Directors have used International Financial Reporting Standards (IFRS), which have been applied consistently.

The balance sheet shows a profit for the year of 41,451,216 euros and is summarised in the following values:

Balance sheet:		
Activity	€	1,445,702,003
Liabilities	€	684,565,050
Net assets	€	719,685,737
Net profit	€	41,451,216
Profit and loss account:		
Earnings	€	502,206,054
Operating costs	€	354,638,222
Depreciation, funds and Devaluations	€	95,187,169
EBIT	€	52,380,663
Financial income and expenses	€	2,131,546
Taxes	€	13,060,993
Net profit	€	41,451,216

The draft budget is drawn up by the Company's administrative body. Furthermore, since this Board of Auditors is not responsible for analytical control of the content of the financial statements, we monitored its general approach and general compliance with the law regarding its formation and structure. In this regard, there are no particular observations to report.

The draft budget was therefore examined, about which the following information was provided:

- the criteria used in the preparation of the financial statement for the year that ended on December 31, 2023 do not differ from those used for the preparation of the financial statement for the previous year;
- the items of the balance sheet are comparable to those of the previous year; goodwill costs are present in the assets of the balance sheet pursuant to IAS 36; starting from 1 January 2015, goodwill is not subject to amortisation, but to verification of its value; start-up and expansion costs are not present in the assets of the balance sheet.

We verified, as per current legislation, the general compliance with the law, as regards its formation and structure, the management report with the financial statement, and in the opinion of this Board of Auditors, it is consistent with the latter and provides further considerations on the Company's management performance and economic prospects.

No reports were made to the Board of Directors nor were reports received from public creditors pursuant to and for the purposes of Legislative Decree No. 14 of 12 January 2019 and subsequent amendments and further legislation in force on the matter.

Non-financial declaration pursuant to Legislative Decree No. 254/2016

On June 12, 2024, we acquired the certification of compliance with the regulations and GRI standards from the independent auditing firm REVI.TOR and examined the Individual Non-financial Declaration pursuant to Legislative Decree

No. 254/2016, that is the 2023 Sustainability Report, which was approved by the Board of Directors on 05.29.2024 by verifying the approach given to the document and, in this regard, we have no observations to make.

Significant events that occurred after 12/31/2023

The Board of Auditors verified how the Company took into account the significant events that occurred after December 31, 2023 and the foreseeable evolution of the management, as stated in the management report.

Conclusions

The Board of Auditors, taking into account:

- the results of the activity carried out by the auditing firm contained in the relevant report;
- what was communicated by the Board of Directors and the Managers of the various Services;
- everything stated and noted up to now;

believes that there are no reasons preventing the approval of the Company's financial statement for the year that ended on December 31, 2023, as drawn up by the Directors, as well as the proposal put forward by the latter and contained in the explanatory notes, regarding the allocation of the profit of the financial year.

Turin, June 12, 2024

The Board of Auditors

Dr. Davide Di Russo

Dr. Paola Lucia Giordano

Dr. Simone Montanari

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED FINANCIAL
STATEMENT
FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

Deloitte

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Società Metropolitana Acque Torino S.p.A. and its subsidiaries ("SMAT Group"), which comprise the statement of financial position as of December 31, 2023, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the SMAT Group as of December 31, 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. M9-1720239 | Partita IVA: IT03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTL"), le member firm aderenti al suo network e le entità a esse correlate. DTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Revenue recognition – Revenues earned and not yet billed at year-end

Description of the key audit matter As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (Euro 55,860 thousand as of December 31, 2023). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions.

We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Group's financial statements as of December 31, 2023 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.

Audit procedures performed

The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following:

- analysis of the procedures adopted by the Group for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms;
- identification and understanding of the key controls implemented by the Group to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists;
- verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates;
- verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals;
- review the adequacy of the disclosures provided in this regard.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the SMAT Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Parent Company Società Metropolitana Acque Torino S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. We have also:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017 as auditors of the Company for the years from 2017 to 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the Directors' report of the SMAT Group as of December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the Directors' report with the consolidated financial statements of the SMAT Group as of December 31, 2023, and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report is consistent with the consolidated financial statements of the SMAT Group as of December 31, 2023, and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no.254.

We have verified the approval by the Directors of the non-financial statement.

Pursuant to article 3, paragraph 10 of Legislative Decree of 30 December 2016, no. 254, this Report is subject of a separate attestation issued by another auditor.

DELOITTE & TOUCHE S.p.A.

Signed By
Franco Chiavazza
Partner

Turin, Italy
June 12, 2024

This report has been translated into the English language solely for the convenience of international readers.

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39
OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Società Metropolitana Acque Torino S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2023, and the income statement, the statement of comprehensive income, statement of cash flows and statement of changes in net equity for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano/Monza/Bianzia/Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Revenue recognition – Revenues earned and not yet billed at year-end

Description of the key audit matter As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (Euro 55,860 thousand as of December 31, 2023). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions.

We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Company's financial statements as of December 31, 2023 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.

Audit procedures performed

The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following:

- analysis of the procedures adopted by the Company for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms;
- identification and understanding of the key controls implemented by the Company to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists;
- verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates;
- verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals;
- review the adequacy of the disclosures provided in this regard.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional scepticism throughout the audit. We have also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017 as auditors of the Company for the years from 2017 to 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the Directors' report of the Company as of December 31, 2023, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the Directors' report with the financial statements of Società Metropolitana Acque Torino S.p.A. as of December 31, 2023 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors report is consistent with the financial statements of the Company as of December 31, 2023 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Chiavazza
Partner

Turin, Italy
June 12, 2024

This report has been translated into the English language solely for the convenience of international readers.

ORDINARY SHAREHOLDERS' MEETING OF 28 JUNE 2024

Chaired by SMAT Chairman Paolo Romano, Secretary Marco Boccadoro, present at the beginning of the meeting were 111 shareholder representatives out of a total of 297, bearers of 4,709,050 ordinary shares out of 5,352,963, equal to 87.97% of the share capital, the Shareholders' Meeting, after taking note of the Consolidated Financial Statement of the SMAT Group as at 31 December 2023, resolved to approve the Financial Statement for the year 2023 and the allocation of the net profits for the year 2023, which takes into account the Convention pursuant to former Article 30 TUEL signed by the Shareholders and which, in Article 2 thereof, foresees the following allocation of the profits earned:

- 5% As Legal Reserve,
and of the remaining 95%:
 - 80% to Reserves bound to the implementation of the Economic and Financial Plan;
 - 20% to Dividends to Members to promote environmental protection activities.

Put to the vote, the financial statement relating to the Company's financial year that ended 31 December 2023 was unanimously approved, which highlights a net profit of Euro 41,451,215.65, as a whole and in the individual entries, and the distribution of the net profits as follows:

- 5% to Legal Reserves equal to Euro 2,072,560.78;
and of the remaining 95%:
 - 80% to the restricted reserve in favour of SMAT to support the economic-financial plan, equal to Euro 31,502,923.90;
 - 20%, equal to a total of Euro 7,875,730.97, corresponding to a rounded unit dividend of Euro 1.62 for each of the 4,860,004 ordinary shares entitled to it, excluding treasury shares held by SMAT S.p.A., and, therefore, a total rounded dividend equal to Euro 7,873,206.48; consequently, the amount of the residual net profit to be carried forward is equal to Euro 2,524.49.

